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Applicants	:	Berg, et al.)
Ser. No.	:	09/583,321)
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For	SEP 17 2001	Method of Playing a Game Involving Questions and Answers)
Art Unit	:	3711)



I hereby certify that this paper is being deposited with the United States Postal Service as First Class Mail, postage prepaid, in an envelope addressed to:

Commissioner for Patents
Washington, D.C. 20231, on this date:

Date: September 12, 2001

Martin J. Hirsch
Martin J. Hirsch
Registration No. 32,237

TECHNOLOGY CENTER R3700
SEP 21 2001

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PETITION FOR ACCESS TO ASSIGNMENT RECORDS

Commissioner for Patents
Washington, D.C. 20231

Sir:

Pursuant to 37 C.F.R. § 1.12(b)-(c), International Game Technology ("IGT") hereby petitions for access to any assignment records that may exist for the above application on the basis that IGT is a bona fide actual purchaser of the application. A check in the amount of \$130 is enclosed for the petition fee set forth in 37 C.F.R. § 1.17(h).

Pursuant to an agreement dated December 19, 2000 and entitled "Agreement and Plan Of Merger by and among International Game Technology, International Game Acquisition Corporation and Silicon Gaming, Inc.," a copy of which is enclosed, IGT acquired 100% of the equity interests in Silicon Gaming, Inc. The agreement includes a disclosure schedule, a copy of which is enclosed, that lists the above application as an asset of Silicon Gaming, Inc. (see Schedule 3.19 of the disclosure schedule).

The undersigned attorney represents IGT and is empowered to act on behalf of IGT.

If the event there is any question regarding this petition, the undersigned attorney may be contacted at the telephone number set forth below.

Respectfully submitted,

MARSHALL, GERSTEIN & BORUN

Date: September 12, 2001

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By:

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AGREEMENT AND PLAN OF MERGER

By and Among

INTERNATIONAL GAME TECHNOLOGY,

INTERNATIONAL GAME ACQUISITION CORPORATION,

and

SILICON GAMING, INC.

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this “Agreement”), dated December 19, 2000, is by and among International Game Technology, a Nevada corporation (“IGT”), and International Game Acquisition Corporation, a California corporation (“NewCo”), on the one hand, and Silicon Gaming, Inc., a California corporation (“Silicon”), on the other. Capitalized terms not otherwise defined in this Agreement have the meanings ascribed to them in Article 8.

Background

A. The respective Boards of Directors of IGT, NewCo and Silicon have approved the merger of NewCo with and into Silicon (the “Merger”) in accordance with California law, whereby, among other things, all outstanding shares of Silicon common stock, \$.001 par value per share (“Silicon Common Stock”) will be converted into the right to receive cash in the manner set forth in Article 2 of this Agreement.

B. Prior to the Merger, Silicon intends to dispose of its shares of common stock of WagerWorks, Inc. (formerly known as uBet.com, Inc.), a Delaware corporation (“WagerWorks”), other than an amount equal to 4.9% of the equity interest of WagerWorks, on a fully-diluted basis as of the date of this Agreement (the “WagerWorks Shares”), in a manner satisfactory to IGT, Silicon and the holders of a majority of the outstanding shares of Series D Preferred Stock (the “WagerWorks Disposition”).

C. The respective Boards of Directors of Silicon, IGT and NewCo have determined that the Merger is in furtherance of their respective long-term business interests, and is fair to and in the best interests of their respective stockholders.

D. Andrew Pascal and Paul Mathews, the principal holders of the issued and outstanding shares of Silicon Common Stock have executed a voting agreement in the form attached hereto as Exhibit A (the “Common Stock Voting Agreement”) and B III Capital Partners, L.P., a Delaware limited partnership (“B III”), the sole holder of the issued and outstanding shares of Silicon Series D Preferred Stock has executed a voting agreement in the form attached hereto as Exhibit B (the “Preferred Stock Voting Agreement,” and together with the Common Stock Voting Agreement, the “Voting Agreement”) concurrent with the execution of this Agreement.

E. Andrew Pascal and Paul Mathews have each executed a consulting agreement in the form attached hereto as Exhibit C and Tom Carlson has executed a consulting agreement in the form attached hereto as Exhibit D (each, respectively, a “Consulting Agreement”) concurrent with the execution of this Agreement, which agreements will commence upon the Effective Date.

Agreement

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth in this Agreement, IGT, NewCo and Silicon agree as follows:

ARTICLE 1

THE CLOSING; THE MERGER; THE EFFECTS OF THE MERGER

1.1 Closing.

(a) The closing of the transactions contemplated by this Agreement (the "Closing") will take place at 10:00 a.m. on the third business day following the satisfaction or waiver of each of the closing conditions set forth in Article 6 (other than those conditions that can only be satisfied on or as of the Closing Date, which must be satisfied or waived at or as of the Closing) of this Agreement at the offices of Squire, Sanders & Dempsey L.L.P., 600 Hansen Way, Palo Alto, California.

(b) At the Closing, each party to this Agreement will:

(i) deliver the documents and certificates required to be delivered by it pursuant to Article 6;

(ii) provide proof or indication of the satisfaction or waiver of each of the conditions to the other party's obligations set forth in Article 6;

(iii) cause its appropriate officers to execute and deliver Articles of Merger in substantially the form of Exhibit E (the "Articles of Merger") and with such mutually agreed upon changes, if any, thereto as may be necessary in accordance with the California General Corporation Law in the view of the Secretary of State of the State of California to permit the Articles of Merger to be filed with the Secretary of State, ("CGCL"); and

(iv) consummate the Merger by causing to be filed properly executed Articles of Merger with the Secretary of State of the State of California in accordance with CGCL.

1.2 The Merger; Effective Date and Effective Time. On the terms and subject to the conditions of this Agreement, and in accordance with the applicable provisions of the CGCL, NewCo will merge with and into Silicon at the Effective Time (as defined below). Following the Merger, the separate existence of NewCo will cease and Silicon will continue as the surviving corporation (the "Surviving Corporation") and shall succeed to and assume all the rights and obligations of NewCo in accordance with the CGCL. The Merger will be effective as of the date and time specified in the Articles of Merger (the "Effective Date" and the "Effective Time", respectively).

1.3 Effects of Merger. The Merger will have the effects set forth under the CGCL and as set forth in this Agreement.

1.4 Articles of Incorporation and Bylaws of the Surviving Corporation.

(a) The Articles of Incorporation of Silicon, as amended and restated and filed with the Articles of Merger with the Secretary of State of the State of California, shall be the Articles of

Incorporation of the Surviving Corporation thereafter unless and until amended in accordance with the terms of the Articles of Incorporation and as provided by law.

(b) The Bylaws of NewCo, as in effect at the Effective Time, shall be the Bylaws of the Surviving Corporation thereafter unless and until amended in accordance with their terms, the terms of the Articles of Incorporation and as provided by law.

1.5 Directors and Officers of the Surviving Corporation. At the Effective Time, each of the directors and officers of Silicon shall resign. The directors and officers of NewCo immediately prior to the Effective Time will be the directors and officers of the Surviving Corporation thereafter, each to hold a directorship or office in accordance with the Articles of Incorporation and Bylaws of the Surviving Corporation until the earlier of their resignation or removal, or until their respective successors are duly elected or appointed and qualified, as the case may be.

1.6 Additional Actions. If, at any time after the Effective Time, the Surviving Corporation shall consider, or be advised, that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm of record or otherwise in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties or assets of NewCo or Silicon or otherwise to carry out this Agreement, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of NewCo or Silicon, all such deeds, bills of sale, assignments and assurances and to take and do, in the name and on behalf of NewCo or Silicon, all such other actions and things as may be necessary or desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in the Surviving Corporation or otherwise to carry out this Agreement

ARTICLE 2

EFFECT ON THE CAPITAL STOCK OF THE CONSTITUENT CORPORATIONS; EXCHANGE OF CERTIFICATES

2.1 Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any further action on the part of IGT, NewCo, Silicon or the stockholders of such entities:

(a) Capital Stock of NewCo. Each issued and outstanding share of capital stock of NewCo will be converted into and become one fully paid and nonassessable share of common stock of the Surviving Corporation.

(b) Merger Consideration. The consideration to be paid by IGT for 100% of the equity interests in Silicon shall be \$45,000,000 (the "Aggregate Merger Consideration") of which \$2,500,000 (the "Prepayment Amount") was previously paid to Silicon on October 17, 2000 upon execution of the Letter Agreement regarding the transaction, and of which the remaining \$42,500,000, subject to the following adjustments, will be paid at the Effective Time:

(i) The Aggregate Merger Consideration will be increased, on a dollar for dollar basis, in an amount equal to the aggregate of the following items, to the extent such items are reflected as current assets on the Agreed Upon Pre-Closing Balance Sheet:

(A) accounts receivables (net of any allowance for doubtful accounts); plus

(B) cash on hand; plus

(C) prepaid expenses.

(ii) The Aggregate Merger Consideration will be decreased, on a dollar for dollar basis, in an amount equal to the aggregate of the following:

(A) all obligations and liabilities of Silicon, including Transaction Costs incurred but not yet paid by Silicon, that remain outstanding as of the Closing as set forth on the Agreed Upon Pre-Closing Balance Sheet, provided that any liabilities or obligations (including, without limitation, estimates of warranty costs, the estimated costs of settling or resolving any pending or threatened litigation (other than the Drews Distributing matter identified on Schedule 3.10 hereto) and, if applicable, the amount of accounting fees payable by Silicon under Section 2.1(c) hereof) not reflected on the Agreed Upon Pre-Closing Balance Sheet shall nevertheless be valued by mutual agreement between Silicon, B III and IGT and such amounts shall be treated as reductions in the Aggregate Merger Consideration; and

(B) obligations and liabilities of Silicon retired by IGT prior to or as a condition of the Closing (to the extent not included in Section 2.1(b)(ii)(A) above), including, without limitation, indebtedness owed to B III under the Amended Notes and the New Notes and indebtedness under the Berg Note, each of which shall be paid in full, in cash, at the Closing.

(iii) The Aggregate Merger Consideration will be adjusted if the aggregate dollar amount of NOL plus Gross Inventory (the "NOL-Gross Inventory Amount") as set forth on the Agreed Upon Pre-Closing Balance Sheet is less than \$10,000,000 or greater than \$13,000,000, as follows:

(A) If the NOL-Gross Inventory Amount is more than \$13,000,000, the Aggregate Merger Consideration will be increased by the present value of the tax benefit created by the amount of NOL-Gross Inventory Amount in excess of \$13,000,000 using a 37% tax-rate and a 9.75% discount rate; and

(B) If the NOL-Gross Inventory Amount is less than \$10,000,000, the Aggregate Merger Consideration will be decreased by the present value of the tax benefit lost by the amount of NOL-Gross Inventory Amount less than \$10,000,000 using a 37% tax-rate and a 9.75% discount rate.

(c) Pre-Closing Balance Sheet. At least ten Business Days prior to Closing, Silicon will provide IGT with a copy of an estimated Silicon balance sheet as of the anticipated Closing Date (the "Pre-Closing Balance Sheet"). The Pre-Closing Balance Sheet shall be prepared in accordance with GAAP, applied on a basis consistent with Silicon's past practices but shall also reflect estimates of liabilities and obligations not required to be recorded in accordance with

generally acceptable accounting principles as required by Section 2.1(b)(ii)(A) hereof. Upon receipt of the Pre-Closing Balance Sheet, IGT shall have five Business Days in which to review it and either accept it or identify objections to it by written notice to Silicon. If, within five Business Days following delivery of the Pre-Closing Balance Sheet to IGT, IGT has not given notice to Silicon of objections to the Pre-Closing Balance Sheet, then the Pre-Closing Balance Sheet shall be used as the balance sheet for determination of adjustments to the Aggregate Merger Consideration, if any, pursuant to this Section 2.1 (the "Agreed Upon Pre-Closing Balance Sheet"). If IGT has given timely notice of an objection to any item on the Pre-Closing Balance Sheet then Silicon and IGT shall promptly work with each other to resolve any such objection. If such objection has not been resolved within two Business Days after IGT gives notice of an objection, then the issues in dispute shall be submitted to Ernst & Young (the "Accountants") provided that the date as of which the Accountants shall be seeking to resolve the disagreement shall be the date of the Pre-Closing Balance Sheet; provided, however, if the Accountants shall not resolve any such disagreement within fifteen Business Days after the date of the Pre-Closing Balance Sheet, then the date of the Pre-Closing Balance Sheet shall be changed to a date within fifteen days of the then anticipated Closing Date. If the issues are submitted to the Accountants for resolution, (i) the determination by the Accountants, as set forth in a notice delivered to the Parties, will be binding and conclusive on the Parties, and (ii) (A) if the determination by the Accountants results in a decrease in the Aggregate Merger Consideration of less than \$200,000, then IGT will bear 100% of the fees and costs of the Accountants for such determination (b) if the determination by the Accountants results in a decrease in the Aggregate Merger Consideration of \$200,000 or more, then Silicon will bear 100% of the fees of the Accountants for such determination and the portion of such costs to be borne by Silicon shall be reflected as a liability of Silicon unless such cost has been paid in cash by Silicon prior to the Closing Date.

(d) Conversion of Silicon Capital Stock; Conversion Cash. Subject to Section 2.1(b), each share of Silicon Common Stock issued and outstanding immediately prior to the Effective Time will be converted into the right to receive cash in an amount equal to the quotient of the Aggregate Merger Consideration (as adjusted in accordance with Section 2.1(b) hereof) minus the Prepayment Amount , divided by the total number of shares of Silicon Common Stock issued and outstanding at the Effective Time (assuming for such purposes that each outstanding share of Series D Preferred Stock shall have been converted into 4,384.53149701 shares of Silicon Common Stock, all then outstanding Stock Options (excluding the Original Stock Options) have been accelerated and exercised in full, each outstanding share of Series E Preferred Stock shall have been converted into 1,000 shares of Silicon Common Stock and any shares issuable as the result of the exercise prior to the closing of any Exchange Warrants or any other outstanding warrants are issued and outstanding), rounded to the nearest hundredth of a whole cent (the "Conversion Cash"), and each share of Series D Preferred Stock issued and outstanding immediately prior to the Effective Time will be converted into the right to receive cash in an amount equal to the product of 4,384.53149701 multiplied by an amount equal to the Conversion Cash and each share of Series E Preferred Stock issued and outstanding immediately prior to the Effective Time will be converted into the right to receive cash in an amount equal to the product of 1,000 multiplied by an amount equal to the Conversion Cash.

2.2 Exchange of Stock Certificates; Record Date.

(a) Prior to the Effective Time, IGT will appoint the American Stock Transfer & Trust Company or another entity selected by IGT (the "Exchange Agent") to arrange for the exchange of certificates that, immediately prior to the Effective Time, represented issued and outstanding shares of Silicon Common Stock and Series D Preferred Stock and Series E Preferred Stock (the "Silicon Certificates") for the per share consideration specified in Section 2.1 hereof. On or before the Closing Date, IGT will deliver to the Exchange Agent, in trust for the benefit of each holder of record of Silicon Common Stock and Series D and Series E Preferred Stock the Conversion Cash. As soon as practicable after the Effective Time, IGT will cause the Exchange Agent to mail a notice and letter of transmittal to each record holder of Silicon Common Stock and Series D and Series E Preferred Stock advising such record holder of the effectiveness of the Merger and providing instructions for surrendering to the Exchange Agent the Silicon Certificates representing Silicon Common Stock and Series D and Series E Preferred Stock in exchange for per share consideration specified in Section 2.1 hereof. Each holder of Silicon Certificates, upon proper surrender thereof and a duly completed letter of transmittal to the Exchange Agent, will be entitled to receive from the Exchange Agent in exchange for the Silicon Certificates (subject to any taxes required to be withheld) the amount specified in Section 2.1 hereof. Until properly surrendered, after the Effective Time each Silicon Certificate will be deemed for all purposes to evidence only the right to receive Conversion Cash. Holders of Silicon Certificates will not be entitled to receive the amount specified in Section 2.1 hereof until their Silicon Certificates are properly surrendered.

(b) If any Silicon Certificate has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming the Silicon Certificate to be lost, stolen or destroyed (a "Missing Certificate"), IGT will direct the Exchange Agent to issue in exchange for the shares of Silicon Common Stock represented by the Missing Certificate, the amount specified in Section 2.1 hereof. The Board of Directors of IGT may, in its discretion and as a condition to the issuance of any per share consideration to the owner of shares of Silicon Common Stock represented by a Missing Certificate, require the owner to provide IGT with an affidavit and a bond in a sum as IGT may reasonably direct as an indemnity against any claim that may be made against IGT or the Exchange Agent with respect to the Missing Certificate.

2.3 No Further Rights in Silicon Stock. As of the Effective Time, all shares of Silicon Common Stock and Series D and Series E Preferred Stock will no longer be outstanding and will automatically be canceled and retired and will cease to exist, and each holder of a Silicon Certificate representing shares of Silicon Common Stock and Series D and Series E Preferred Stock as of the Effective Time will cease to have any rights with respect to the Silicon Common Stock and Series D and Series E Preferred Stock, respectively, except the right to receive per share consideration specified in Section 2.1 hereof.

2.4 Undelivered Merger Consideration. Any per share consideration that remains undistributed by the Exchange Agent to former holders of Silicon Common Stock and Series D and Series E Preferred Stock as of the date that is one year after the Effective Date shall be returned by the Exchange Agent to IGT upon demand, and any holder of Silicon Certificates who has not theretofore surrendered his or her shares of Silicon Common Stock or Series D and Series E

Preferred Stock in accordance with 2.2 shall thereafter look only to IGT for satisfaction of his or her claims for per share consideration specified in Section 2.1 hereof.

2.5 Escheat. Neither IGT nor the Surviving Corporation shall be liable to any holder or former holder of Silicon Common Stock or Series D and Series E Preferred Stock or to any other Person with respect to any per share consideration delivered to any public official pursuant to any applicable abandoned property law, escheat law, or similar legal requirement.

2.6 Dissenters' Rights. Notwithstanding anything in this Agreement to the contrary, Shares issued and outstanding immediately prior to the Effective Time and constituting "dissenting shares" (as defined in Section 1300 of the CGCL) ("Dissenting Shares"), shall not be converted into the right to receive the Conversion Cash, as provided in Section 2.2 hereof, unless and until such holder fails to perfect or effectively withdraws or otherwise loses his or her right to appraisal and payment under the CGCL. If, after the Effective Time, any such holder fails to perfect or effectively withdraws or loses his or her right to appraisal, such Dissenting Shares thereupon shall be treated as if they had been converted as of the Effective Time into the right to receive the Conversion Cash to which such holder is entitled, without interest thereon. Silicon shall give IGT (i) prompt written notice of any demands received by Silicon for appraisal of any Shares, attempted withdrawals of such demands and any other instruments served, pursuant to applicable law received by Silicon relating to dissenters' rights and (ii) the opportunity to direct all negotiations with respect to dissenters under the CGCL. Silicon shall not, without the prior written consent of IGT, voluntarily make any payment with respect to Dissenting Shares, offer to settle or settle any demands of any holders of Dissenting Shares or approve any withdrawal of such demands.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SILICON

Silicon represents and warrants to IGT and NewCo that as of the date of this Agreement and, as amended as of the Closing Date:

3.1 Organization; Qualification; Subsidiaries. Schedule 3.1 lists the jurisdiction of incorporation, the number of authorized and issued shares of capital stock and the members of the Board of Directors of Silicon. Silicon is duly organized, validly existing and in good standing under the laws of its state of organization, having all requisite power and authority to own its property and to carry on its business as it is now being conducted. Except as disclosed in Schedule 3.1, Silicon does not, directly or indirectly, own of record or beneficially, or have the right or obligation to acquire, any direct or indirect ownership interest, capital stock, membership interest, partnership interest, joint venture interest or other equity interest in any Person. All outstanding shares of capital stock of Silicon and any of its Subsidiaries (including WagerWorks) have been validly issued and are fully paid, nonassessable and free and clear of any Adverse Claim. No actions or proceedings to dissolve Silicon or any of its Subsidiaries (including WagerWorks) are pending. Silicon and all of its Subsidiaries (including WagerWorks) are duly qualified or licensed to do business and are in good standing in each jurisdiction in which the property owned, leased or operated by such entity or the conduct of its business requires qualification or licensing, except where the failure to be so licensed or qualified would not have a Material Adverse Effect.

3.2 Silicon Capital Stock The authorized capital stock of Silicon consists of as of the date hereof, and will consist of as of the Effective Time, (i) 750,000,000 shares of Silicon Common Stock, \$.001 par value per share, and (ii) 6,884,473 shares of Silicon Preferred Stock, \$.001 par value per share, of which 39,750 shares are designated as Series D Preferred Stock and 61,000 shares are designated as Series E Preferred Stock. The rights, privileges and preferences of Silicon Common Stock and Silicon Preferred Stock are as stated in Silicon's Articles of Incorporation, as amended to date.

(b) As of the close of business on December 19, 2000, (i) 35,279,976 shares of Silicon Common Stock were issued and outstanding, (ii) 39,750 shares of Series D Preferred stock were issued and outstanding, (iii) no shares of Silicon Common Stock were held by Silicon in its treasury, and (iv) no shares of Series E Preferred Stock were issued and outstanding.

(c) As of the close of business on December 19, 2000, (i) 75,790,509 shares of Silicon Common Stock were reserved for issuance upon exercise of the Stock Options (as hereinafter defined), (ii) 54,985,667 shares of Silicon Common Stock were reserved for issuance pursuant to the Exchange Warrants issued and outstanding that were issued in the Exchange Offer on June 30, 2000, (iii) 174,285,127 shares of Silicon Common Stock were reserved for issuance upon conversion of shares of Series D Preferred Stock, (iv) 60,807.731 shares of Series E Preferred Stock were reserved for issuance upon exercise of the Series E Warrant (v) 60,807,731 shares of Silicon Common Stock were reserved for issuance upon conversion of shares of the Series E Preferred Stock.

(d) All issued and outstanding shares of Silicon Common Stock and all shares which may be issued upon the exercise of Stock Options and conversion of the Series D Preferred Stock and Series E Preferred Stock will be duly authorized, validly issued, fully paid and nonassessable, and are not subject to and were not issued in violation of any preemptive rights.

(e) Schedule 3.2 hereto sets forth a schedule of the outstanding Stock Options showing the name of the option holder, the grant date, the current exercise price, the anticipated exercise price as of the Closing Date, vesting schedule, the number of options vested as of the date

hereof and the payments, if any, due to the Option holders upon consummation of the Merger (subject to modification as contemplated by Section 5.11 hereof). Schedule 3.2 hereto also sets forth a schedule of all warrants outstanding showing the name of the warrant holder, the grant date, the current exercise price, the anticipated exercise price as of the Closing Date, vesting schedule, the number of warrants vested or exercisable as of the date hereof and the payments, if any, due to the warrant holders upon consummation of the Merger (subject to modification as contemplated by Section 5.11 hereof).

(f) Except for the Voting Agreements and the Stockholders Agreement, to the Knowledge of Silicon, there are no voting trusts, voting agreements, irrevocable proxies or other agreements with respect to any voting shares of capital stock of Silicon.

(g) There are no bonds, debentures, notes or other indebtedness of Silicon or any of its subsidiaries having the right to vote (or convertible into or exchangeable for other securities having the right to vote) on any matters on which the stockholders of Silicon may vote.

(h) Except as set forth herein, as of the date of this Agreement, there are no outstanding securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which Silicon or any of its Subsidiaries (including WagerWorks) is a party or by which any of them is bound obligating Silicon or any of its Subsidiaries (including WagerWorks) to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other voting securities of Silicon or of any of its Subsidiaries (including WagerWorks) or obligating Silicon or any of its Subsidiaries (including WagerWorks) to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking. Other than Silicon's obligation following the consummation of a change of control to redeem the Series D Preferred Stock and Series E Preferred Stock which obligation B III has, with respect to the Merger, waived in accordance with the terms of the Preferred Stock Voting Agreement, there are no outstanding contractual obligations of Silicon or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock (or options to acquire any such shares) of Silicon or any of its Subsidiaries. Except as set forth in Schedule 3.2, there are no agreements, arrangements or commitments of any character (contingent or otherwise) pursuant to which any person is or may be entitled to receive any payment based on the revenues, earnings or financial performance of Silicon or any of its Subsidiaries (including WagerWorks) or assets or calculated in accordance therewith (other than ordinary course payments or commissions to sales representatives of Silicon based upon revenues generated by them without augmentation as a result of the transactions contemplated hereby) or to cause Silicon or any of its Subsidiaries (including WagerWorks) to file a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), or which otherwise relate to the registration of any securities of Silicon.

(i) WagerWorks Capital Stock. The authorized capital stock of WagerWorks consists of as of the date hereof, and will consist of as of the Effective Time, (i) 50,000,000 shares of common stock, \$0.001 par value per share, and (ii) 10,000,000 shares of preferred stock, \$0.001 par value per share, of which 4,233,128 shares are designated as Series A Preferred Stock. The rights, privileges and preferences of the common stock and preferred stock of WagerWorks are as stated in WagerWork's Articles of Incorporation, as amended to date. As of the close of business on December 19, 2000, (i) 10,000,000 shares of common stock were issued and outstanding, (ii)

3,742,330 shares of Series A Preferred stock were issued and outstanding (such shares of Preferred Stock are convertible into 3,742,330 shares of Common Stock), (iii) no shares of common stock were held by WagerWorks in its treasury, and (iv) no other shares of its capital stock were issued and outstanding.

(j) Other Subsidiary Capital Stock. The Subsidiaries are set forth on Schedule 3.2 hereto. Each of the Subsidiaries (including WagerWorks) is a corporation, limited liability company or partnership duly incorporated or formed, validly existing and in good standing under the laws of the jurisdiction of its organization, has full corporate, limited liability company or partnership power and authority, as the case may be, to own and lease its properties, and carry on its business as presently conducted, is duly qualified, registered or licensed as a foreign corporation, limited liability company or partnership to do business and is in good standing in each jurisdiction in which the ownership or leasing of its properties or the character of its present operations make such qualification, registration or licensing necessary, except where the failure so to qualify or be in good standing would not have a Material Adverse Effect. A list of all jurisdictions in which each of the Subsidiaries is qualified, registered or licensed to do business as a foreign corporation, limited liability company or partnership is attached hereto as Schedule 3.2. Except as disclosed on Schedule 3.2, Silicon owns, directly or indirectly, all of the outstanding shares of Capital Stock or other evidences of equity ownership of each of its Subsidiaries free of any Lien, restriction (other than restrictions generally applicable to securities under federal, provincial or state securities laws) or encumbrance, and said shares have been duly issued and are validly outstanding.

3.3 Authority; Enforceability.

(a) Silicon has all requisite corporate power and authority to enter into and carry out its obligations under this Agreement or any of the other agreements referred to in this Agreement to which it is a party. The execution, delivery and performance of this Agreement or any of the other agreements referred to in this Agreement to which it is a party and the consummation of the transactions contemplated hereby or thereby has been duly authorized by all necessary corporate action on the part of Silicon, except for the approval of this Agreement by the stockholders of Silicon.

(b) This Agreement and each other agreement executed or to be executed by Silicon in connection with the transactions contemplated by this Agreement have been, or when executed will be, duly executed and delivered by Silicon and constitute, or when executed and delivered will constitute, valid and binding obligations of Silicon, enforceable against Silicon in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and equitable principles which may limit the availability of certain equitable remedies in certain instances.

3.4 No Conflicts or Consents.

(a) Except as set forth on Schedule 3.4, neither the execution, delivery or performance of this Agreement or any of the other agreements referred to in this Agreement to

which Silicon is a party by Silicon nor the consummation of the transactions contemplated by this Agreement or any of the other agreements referred to in this Agreement to which Silicon is a party:

(i) will violate, conflict with, or result in a breach of any provision of, constitute a default (or an event that, with notice or lapse of time or both, would constitute a default) under, result in the termination of, or accelerate the performance required by, or result in the creation of any Adverse Claim against any of the material properties or material assets of Silicon under, (A) its articles of incorporation or bylaws, (B) any material note, bond, mortgage, indenture, deed of trust, or other debt obligation (other than ordinary course trade credit) to which Silicon is a party or by which any of its material assets are bound, or (C) any material lease, agreement or other instrument or other obligation that is material to the business or operations of Silicon and to which Silicon is a party, or by which any of its assets are bound, including any contract for the provision of any form of gaming services or products between Silicon or any of its Subsidiaries and any third party; or

(ii) subject to obtaining the required Governmental and Gaming Approvals required, violate any order, writ, injunction, decree, judgment, statute, rule or regulation of any Governmental Entity to which Silicon is subject or by which any of its assets are bound (including, without limitation, those of the National Indian Gaming Commission, or any other tribal or governmental authority regulating any form of gaming).

(b) No filing or registration with, or authorization, consent or approval of, any Governmental Entity is required by or with respect to Silicon in connection with the execution and delivery of this Agreement by Silicon, or is necessary for the consummation of the Merger and the other transactions contemplated by this Agreement, except for: (i) the filing of a premerger notification and report form (the "HSR Report") by each of IGT and Silicon under the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), if applicable, (ii) the filing and recordation requirements of the Law with respect to the Articles of Merger, (iii) the filing of the Proxy Statement with the SEC and any other filings required by the Securities Act or the Exchange Act, (iv) the filing with and approval of any Gaming Authority, including approval by the Nevada State Gaming Control Board and the Nevada Gaming Commission under the Nevada Gaming Control Act and the rules and regulations promulgated thereunder and (v) the filing of appropriate documents with the relevant authorities of other states in which Silicon is qualified to do business. Neither Silicon nor any Subsidiary nor, to the Knowledge of Silicon, any director or officer of Silicon or of any Subsidiary has received any written claim, demand, notice, complaint, court order or administrative order from any Governmental Entity in the past three years, asserting that a license of it or them, as applicable, under any Gaming Laws is being or may be revoked or suspended other than such claims, demands, notices, complaints, court orders or administrative orders which would not have a Material Adverse Effect on Silicon.

3.5 Permits; Compliance with Laws. Each of Silicon and its Subsidiaries has in effect all federal, state, local and foreign governmental approvals, authorizations, certificates, filings, franchises, licenses, notices, permits and rights ("Permits") necessary for it to own, lease or operate its properties and assets and to carry on its business as now conducted, and there has occurred no default under any such Permit, except for the lack of Permits and for defaults under Permits, which lack or default would not have a Material Adverse Effect on Silicon. To the

Knowledge of Silicon, no Governmental Entity is considering limiting, suspending or revoking any of Silicon's or its Subsidiaries' Permits. Except as disclosed in Silicon's SEC Documents filed prior to the date of this Agreement and publicly available, Silicon and its Subsidiaries are in compliance with all applicable statutes, laws, ordinances, rules, orders and regulations of any Governmental Entity, except for noncompliance which would not have a Material Adverse Effect on Silicon. Silicon and each of its Subsidiaries are, and each of their respective directors, officers, and persons performing management functions similar to officers are, in material compliance with all applicable Gaming Laws.

3.6 Title to Properties. Silicon does not own any real property. Schedule 3.6 sets forth a list of each real property lease to which Silicon or any of its Subsidiaries is a party setting forth the location of the leased premises, the term of the lease, the square footage of the leased premises and the current monthly lease payments. Silicon and its Subsidiaries have good and marketable title to, or valid leasehold interests in, all their properties and assets except where such failure would not have a Material Adverse Effect on Silicon.

3.7 Corporate Formalities; Corporate Documents and Stockholder Agreements.

(a) Each of Silicon and its Subsidiaries (including WagerWorks) has maintained its separate corporate existence and complied with all necessary corporate formalities.

(b) Silicon has delivered to IGT true and complete copies of its articles of incorporation and bylaws, as amended or restated through the date of this Agreement, as well as the articles of incorporation and bylaws governing each Subsidiary (including WagerWorks). The minute books of each of Silicon and its Subsidiaries (including WagerWorks) contain complete and accurate records of all corporate actions of the equity owners of the various entities and of the boards of directors or other governing bodies, including committees of such boards or governing bodies of the various entities. The stock transfer records of Silicon contain complete and accurate records of all issuances, and redemptions of stock by Silicon.

(c) Except as set forth on Schedule 3.7, there are no agreements among or between any of the Silicon stockholders with respect to the capital stock of Silicon to which Silicon is a party or of which Silicon has Knowledge.

3.8 SEC Documents; Financial Statements; Liabilities.

(a) Silicon has timely filed all required reports, schedules, forms, statements and other documents with the SEC since January 1, 1997 (the "Silicon SEC Documents"). The Silicon SEC Documents, and any such reports, forms and documents filed by Silicon with the SEC after the date of this Agreement, complied, or will comply, at the time of filing as to form in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to the Silicon SEC Documents, and except to the extent that information contained in any Silicon SEC Document has been superseded by a later filed Silicon SEC Document, none of the Silicon SEC Documents at the time of filing contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) The Silicon Financial Statements included in the Silicon SEC Documents complied at the time of filing with the SEC as to form in all material respects with the applicable accounting requirements and published rules and regulations of the SEC with respect thereto, were prepared in accordance with GAAP applied on a basis consistent with prior periods, and fairly present the consolidated financial position of Silicon at such dates and the consolidated results of operations and cash flow for the respective periods then ended, subject, in the case of the Silicon Interim Financial Statements, to normal, recurring year-end audit adjustments that are not, individually or in the aggregate, material in amount. The Silicon Audited Financial Statements have been audited by Deloitte & Touche, LLP, independent auditors of Silicon, in accordance with generally accepted auditing standards. Silicon is not, nor are any of its respective assets subject to, any liability, commitment, debt or obligation (of any kind whatsoever whether absolute or contingent, accrued, fixed, known, unknown, matured or unmatured) of a type required by GAAP to be reflected in the Silicon Financial Statements, except, (i) as and to the extent reflected on the Silicon Latest Balance Sheet or the footnotes that are a part of the Silicon Financial Statements, (ii) as may have been incurred or may have arisen since the date of the Silicon Latest Balance Sheet in the ordinary course of business and that are not material individually or in the aggregate or (iii) are permitted or contemplated by this Agreement. Except as set forth in the Silicon SEC Documents, Silicon has not made any change in the accounting policies or practices applied in the preparation of the Silicon Financial Statements. Schedule 3.8 hereto sets forth a list of any liability, commitment, debt or obligation (of any kind whatsoever whether absolute or contingent, accrued, fixed, known, unknown, matured or unmatured) of a type not required by GAAP to be reflected in the Silicon Financial Statements that exists as of the date of this Agreement (which schedule shall be updated as of the date of the Pre-Closing Balance Sheet).

(c) The Silicon Latest Balance Sheet includes appropriate reserves for all Taxes and other known liabilities incurred as of such date but not yet payable.

3.9 Absence of Certain Changes or Events. Since the date of the Silicon Latest Balance Sheet, Silicon has conducted its business only in the ordinary course, and, except as set forth on Schedule 3.9, has not:

(a) amended its certificate of incorporation, bylaws or similar organizational documents;

(b) incurred any liability or obligation of any nature (whether absolute or contingent, accrued, fixed, known, unknown, matured or unmatured), including, without limitation, increasing indebtedness for borrowed money, except in the ordinary course of business and not exceeding \$250,000 individually;

(c) brought about any split, combination or reclassification of any of its capital stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of, or in substitution for its shares of capital stock;

(d) suffered or permitted any of its assets to be or remain subject to any mortgage or other encumbrance, except for Permitted Liens;

(e) merged or consolidated with another entity or acquired or agreed to acquire any business or any corporation, partnership or other business organization, or sold, leased, transferred or otherwise disposed of any assets except for assets sold for fair value in the ordinary course of business;

(f) made any capital expenditure or commitment therefore, except in the ordinary course of business and, in the aggregate, in excess of \$500,000;

(g) declared or paid any dividend or made any distribution with respect to any of its equity interests, or redeemed, purchased or otherwise acquired any of its equity interests, or issued, sold or granted any equity interests or any option, warrant or other right to purchase or acquire any such interest;

(h) adopted any employee benefit plan or made any change in any existing employee benefit plans;

(i) made any loan to any Person;

(j) except for employment agreements entered into in the ordinary course of business and consistent with past practices with employees of Silicon who are not directors or officers of Silicon, entered into or amended any employment, severance or similar agreement or arrangement with any director, officer or employee, or granted any increase in the rate of wages, salaries, bonuses, profit sharing arrangements, severance or termination pay arrangements or other compensation or benefits of any director, officer or employee;

(k) canceled, waived, released or otherwise compromised any debt, claim or right, except in the ordinary course of business consistent with past practices;

(l) made any change in any method of accounting or auditing practice;

(m) suffered the termination, suspension or revocation of any license or permit necessary for the operation of its business;

(n) entered into any transaction other than on an arm's-length basis;

(o) suffered any damage, destruction or loss (whether or not covered by insurance) which has had or could have a Material Adverse Effect on Silicon;

(p) agreed, whether or not in writing, to do any of the foregoing;

(q) been the subject of, or incurred any liability under or with respect to, any determination made by an arbitrator with respect to a grievance filed under any collective bargaining or other labor agreement to which Silicon is a party;

(r) suffered any Material Adverse Effect; or

(s) taken any other action which, if Article 5 had then been in effect, would have been prohibited by such Article if taken without IGT's consent (and no agreement, understanding, obligation or commitment to take any such action exists).

3.10 Legal Proceedings. Except as set forth on Schedule 3.10, there is no lawsuit, action, suit, claim or other proceeding at law or in equity, or investigation, before or by any court or Governmental Entity or before any arbitrator that is pending or, to the Knowledge of Silicon, threatened against Silicon, or any unsatisfied judgment, order or decree or any open injunction binding upon Silicon. Except as specifically set forth on Schedule 3.10, no lawsuits, actions, suits, claims, proceedings, investigations, unsatisfied judgments, orders, decrees or open injunctions will or are reasonably likely to have a Material Adverse Effect or adversely effect the ability of Silicon to enter into and perform its obligations under this Agreement.

3.11 Accounts Receivable. All of the accounts receivable reflected on the Silicon Financial Statements or arising thereafter that have not been collected have arisen only from *bona fide* transactions in the ordinary course of business, represent valid obligations owing to Silicon and have been accrued in accordance with GAAP.

3.12 Contracts.

(a) Schedule 3.12 lists and describes all Material Contracts. A complete and correct copy of each Material Contract has been furnished to or made available to IGT. To the Knowledge of Silicon, each Material Contract is valid, binding and enforceable, except to the extent that enforcement may be limited by bankruptcy, reorganization, insolvency and other similar laws and court decisions relating to or affecting the enforcement of creditors' rights generally and by general equitable principles. Silicon and, to the Knowledge of Silicon, each other party to each Material Contract are in compliance in all material respects with the provisions of each Material Contract by which such party is bound.

(b) Except as may be set forth in the Silicon SEC Documents or described on Schedule 3.12, Silicon is not a party to:

- (i) any collective bargaining agreement;
- (ii) any written or oral employment or other agreement or contract with or commitment to any employee;
- (iii) any agreement, contract or commitment containing any covenant limiting its freedom to engage in any line of business or to compete with any Person;
- (iv) any oral or written obligation of guaranty or indemnification arising from any agreement, contract or commitment, except as provided in its certificate of incorporation or bylaws;
- (v) any joint venture, partnership or similar contract involving a sharing of profits or expenses;

(vi) any non-disclosure agreement, non-competition agreement, agreement with an officer, director or employee of Silicon, tax indemnity, tax sharing or tax allocation agreement, or any severance, bonus or commission agreement;

(vii) any indenture, mortgage, loan, credit, sale-leaseback or similar contract under which Silicon has borrowed any money or issued any note, bond or other evidence of indebtedness for borrowed money or guaranteed indebtedness for money borrowed by others; or

(viii) any hedge, swap, exchange, futures or similar agreements or contracts.

3.13 Environmental Matters.

(a) Silicon and each of its Subsidiaries is, and has been, and each of Silicon's former subsidiaries, while Subsidiaries of Silicon, was, in compliance with all applicable Environmental Laws, except for noncompliance which would not have a Material Adverse Effect on Silicon. The term "Environmental Laws" means any federal, state, local or foreign statute, code, ordinance, rule, regulation, policy, guideline, permit, consent, approval, license, judgment, order, writ, decree, injunction or other authorization, including the requirement to register underground storage tanks, relating to: (A) emissions, discharges, releases or threatened releases of Hazardous Material (as defined below) into the environment, including, without limitation, into ambient air, soil, sediments, land surface or subsurface, buildings or facilities, surface water, groundwater, publicly owned treatment works, septic systems or land; (B) the generation, treatment, storage, disposal, use, handling, manufacturing, transportation or shipment of Hazardous Material; (C) protection of the environment; or (D) employee health and safety.

(b) During the period of ownership or operation by Silicon and its Subsidiaries of any of their respective current or previously owned or leased properties, there have been no releases of Hazardous Material in, on, under or affecting such properties or, to the Knowledge of Silicon, any surrounding site, except in each case for those which would not have a Material Adverse Effect on Silicon. Silicon has not shipped any Hazardous Material to any disposal site for which it is or will be subject to any liability, except for such liabilities which would not have a Material Adverse Effect on Silicon. Prior to the period of ownership or operation by Silicon and its Subsidiaries of any of their respective current or previously owned or leased properties, no Hazardous Material was generated, treated, stored, disposed of, used, handled, released or manufactured at, or transported, shipped or disposed of from, such current or previously owned or leased properties, and there were no releases of Hazardous Material in, on, under or affecting any such property or any surrounding site, except in each case for those which would not have a Material Adverse Effect on Silicon. The term "Hazardous Material" means (A) hazardous materials, contaminants, constituents, medical wastes, hazardous or infectious wastes and hazardous substances as those terms are defined in the following statutes and their implementing regulations: the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act, 42 U.S.C. § 9601 et seq., the Clean Water Act, 33 U.S.C. § 1251 et seq. and the Clean Air Act, 42 U.S.C. § 7401 et seq., (B) petroleum, including crude oil and any fractions

thereof, (C) natural gas, synthetic gas and any mixtures thereof, (D) asbestos and/or asbestos-containing material and (E) polychlorinated biphenyls ("PCBs") or materials or fluids containing PCBs in excess of 50 ppm.

3.14 Employee Matters.

(a) Schedule 3.14(a) sets forth:

- (i) a list of the name, title, current annual compensation rate (including bonus and commissions) of each employee of Silicon;
- (ii) employment, consulting, employee confidentiality or similar agreements;
- (iii) any employee handbook(s); and
- (iv) any reports and/or plans prepared or adopted pursuant to the Equal Employment Opportunity Act of 1972, as amended. Accruals with respect to the bonus, sick leave and vacation benefits of the employees of Silicon have been made in accordance with the terms of the applicable Employee Plans and GAAP.

(b) Except as set forth on Schedule 3.14(b):

- (i) (A) Silicon is in material compliance with all Applicable Laws respecting employment and employment practices, terms and conditions of employment, wages and hours and occupational safety and health; (B) Silicon is not engaged in any unfair labor practice within the meaning of Section 8 of the National Labor Relations Act; and (C) there is no proceeding pending or to the Knowledge of Silicon, threatened, or any investigation pending or to the Knowledge of Silicon threatened, against Silicon, relating to subsection (A) or (B) above, and Silicon has no Knowledge of any basis for any such proceeding or investigation;
- (ii) none of the employees of Silicon is a member of, or represented by, any labor union and to the Knowledge of Silicon, there are no efforts being made to unionize any of such employees; and
- (iii) there are no charges, formal or informal, internal complaints of, or proceedings involving, discrimination or harassment (including but not limited to discrimination or harassment based upon sex, age, marital status, race, religion, color, creed, national origin, sexual preference, handicap or veteran status) pending or, to Silicon's Knowledge, threatened. Nor are there any such investigations pending or to the Knowledge of Silicon threatened, including, but not limited to, investigations before the Equal Employment Opportunity Commission or any federal, state or local agency or court, with respect to Silicon.

3.15 ERISA and Related Matters.

(a) Schedule 3.15(a) lists each Employee Plan that Silicon maintains, administers or contributes to. Silicon has provided IGT a true and complete copy of each such Employee Plan, current summary plan description, (and, if applicable, related trust documents) and all amendments thereto together with (i) the most recent annual report, if any, that has been prepared in connection with each Employee Plan; (ii) all material communications received from or sent to the Internal Revenue Service or the Department of Labor within the last two years; and (iii) the most recent Internal Revenue Service determination letter with respect to each Employee Plan, if any, and the most recent application for a determination letter, if any.

(b) Schedule 3.15(b) identifies each Benefit Arrangement that Silicon maintains or administers. Silicon has furnished to IGT copies or descriptions of each Benefit Arrangement. To the Knowledge of Silicon, each Benefit Arrangement has been maintained in substantial compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to such Benefit Arrangement.

(c) Except as set forth on Schedule 3.15(c), neither Silicon nor any of its Subsidiaries maintains or has ever maintained an "employee benefit plan" (as defined in Section 3(3) of ERISA) which is or was (i) a plan subject to Title IV of ERISA or (ii) a "multi-employer plan" (as defined in Section 3(37) of ERISA).

(d) Benefits under any Employee Plan or Benefit Arrangement are as represented in said documents and have not been increased or modified (whether written or not written) subsequent to the dates of such documents. Silicon and its Subsidiaries have not communicated to any employee or former employee any intention or commitment to modify any Employee Plan or Benefit Arrangement or to establish or implement any other employee or retiree benefit or compensation arrangement.

(e) Each Employee Plan and related trust which is intended to be qualified under Section 401(a) and 501(a) of the Code satisfies in form the requirements of these sections, except to the extent amendments are not required by law to be made until a date after the Closing Date, and has received a favorable determination letter from the Internal Revenue Service regarding such qualified status; and to the Knowledge of Silicon, no event has occurred regarding the adoption of such plan that would adversely affect such qualification. Each Employee Plan has been maintained and administered in compliance with its terms and with the requirements prescribed by any and all applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Code. No Employee Plan has been operated in a manner which will give rise to penalties, excise taxes or adverse tax consequences that would have a Material Adverse Effect, and no Employee Plan has violated in a material manner any provision of the Code or of ERISA.

(f) Except for amounts accrued in the normal course of operation of any Employee Plan or Benefit Arrangement and properly reflected in the financial statements of Silicon, full payment has been made of all amounts that Silicon has, or has been required to have, paid as contributions to any Employee Plan or Benefit Arrangement under Applicable Law or under the terms of any such plan or any arrangement. All amounts withheld by Silicon from its employees

have been paid to the appropriate Employee Plan or Benefit Arrangement by the due date prescribed by the Department of Labor to avoid penalties.

(g) Silicon does not have any current or projected liability in respect of post-retirement or post-employment health, life or other welfare benefits for retired, current or former employees, except as may be required under Part 6 of Subtitle B of Title I of ERISA.

(h) Except as set forth on Schedule 3.15(h) or in this Agreement, no employee or former employee of Silicon or its Subsidiaries will become entitled to any bonus, retirement, severance, job security or similar benefit or enhanced benefit (including acceleration of compensation, an award, vesting or exercise of an incentive award) or any fee or payment of any kind solely as a result of any of the transactions contemplated by this Agreement.

3.16 Taxes. For purposes of this Section 3.16, the "Silicon Group" means, individually and collectively, Silicon and any individual, trust, corporation, partnership or any other entity as to which Silicon is liable for Taxes incurred by such individual or entity either as transferee or pursuant to Treasury Regulation Section 1.1502-6 or pursuant to any other provision of federal, territorial, state, local, or foreign law or regulations. Except as set forth on Schedule 3.16:

(a) All Returns required to be filed by or on behalf of members of the Silicon Group have been duly filed on a timely basis and such Returns (including all attached statements and schedules) are true, complete and correct. All Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other Taxes are payable by the Silicon Group with respect to items or periods covered by such Returns (whether or not shown on or reportable on such Returns) or with respect to any period prior to the date of this Agreement. No member of the Silicon Group is currently the beneficiary of any extension of time within which to file any Return.

(b) Each member of the Silicon Group has withheld and paid over all Taxes required to have been withheld and paid over (including any estimated taxes), and has complied with all information reporting and backup withholding requirements, including maintenance of required records with respect thereto, in connection with amounts paid or owing to any employee, creditor, independent contractor, or other third party.

(c) There are no Liens on any of the assets of Silicon or its subsidiaries with respect to Taxes other than Liens for Taxes not yet due and payable, or for Taxes that are being contested in good faith through appropriate proceedings and for which appropriate reserves have been established.

(d) The Returns of the Silicon Group are not currently the subject of any audit by a governmental or taxing authority.

(e) No deficiencies exist or are expected to be asserted with respect to Taxes of the Silicon Group, and there is no basis for the assertion of any material deficiency of Taxes. No notice (either in writing or verbally, formally or informally) has been received by any member of the Silicon Group that it has not filed a Return or paid Taxes required to be filed or paid by it.

(f) No member of the Silicon Group is a party to any pending action or proceeding for assessment or collection of Taxes, nor has such action or proceeding been asserted or threatened (either in writing or verbally, formally or informally) against any member of the Silicon Group, or any of its assets.

(g) No waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns of any member of the Silicon Group.

(h) Silicon and each member of the Silicon Group has disclosed on its federal income tax returns all positions taken thereon that could give rise to a substantial understatement penalty within the meaning of Section 6662 of the Code.

(i) There are no requests for rulings, subpoenas or requests for information pending with respect to any member of the Silicon Group.

(j) No currently effective power of attorney has been granted by any member of the Silicon Group with respect to any matter relating to Taxes.

(k) The amount of Silicon's liability or the liability of any member of the Silicon Group for unpaid Taxes for all periods ending on or before the date of this Agreement do not, in the aggregate exceed the amount of current liability accruals for Taxes (excluding reserves for deferral of Taxes) as of the date of this Agreement, and the amount of Silicon's liability or the liability of any member of the Silicon Group for unpaid Taxes for all periods ending on or before the Closing Date will not, in the aggregate, exceed the amount of the current liability accruals for Taxes (excluding reserves for deferred Taxes), as such accruals are reflected on the balance sheets of Silicon or its subsidiaries, respectively, as of the Closing Date.

(l) No member of the Silicon Group has prepared or filed any Return inconsistent with past practice or, on any such Return, taken any position, made any election or adopted any method that is inconsistent with positions taken, elections made or methods used in preparing or filing similar Returns in prior periods, or settled or compromised any material federal, state or local income tax liability.

(m) Prior to the Effective Time, Silicon has not distributed the stock of any corporation in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code.

(n) No member of the Silicon Group has filed a consent under Section 341(f) of the Code concerning collapsible corporations. No member of the Silicon Group has made any payments, is obligated to make any payments, or is a party to any agreement that under certain circumstances could obligate it to make any payments that will not be deductible under Section 280G of the Code. No member of the Silicon Group has been a United States real property holding corporation within the meaning of Section 897 of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code. No member of the Silicon Group is a party to any Tax allocation or sharing agreement

3.17 Transactions with Related Parties.

(a) Schedule 3.17(a) and the Silicon SEC Documents list each transaction between January 1, 1997 and the date of this Agreement that would be required to be reported as a Certain Relationship or Related Transaction pursuant to Item 404 of Regulation S-K.

(b) Schedule 3.17(b) lists (i) to Silicon's Knowledge, all material claims of any nature that any officer or director of Silicon or any Affiliate of such officer or director has with or against Silicon as of the date of this Agreement that are not identified on the Silicon Latest Balance Sheet and (ii) all material claims of any nature that Silicon has with or against any officer or director of Silicon or any Affiliate of such officer or director as of the date of this Agreement that are not identified on the Silicon Latest Balance Sheet.

3.18 Voting Requirements. The affirmative vote of the holders of a majority of the outstanding shares of Silicon Common Stock entitled to vote on the Merger, and the affirmative vote of the holders of a majority of the outstanding shares of Series D Preferred Stock and Series E Preferred Stock, if any, are the only votes of the holders of any class or series of Silicon's capital stock necessary to approve this Agreement and the transactions described in this Agreement.

3.19 Intellectual Property.

(a) Schedule 3.19 lists (A) all patents held by Silicon and its Subsidiaries and all pending patent applications by Silicon or any Subsidiary, including for each such patent the serial or patent number, country, filing and expiration date and title; (B) all registered trademarks of Silicon or any of its Subsidiaries, and all pending applications for registration by Silicon or any of its Subsidiaries of trademarks, including for each such trademark the registration or application number, country, filing and expiration date; (C) all registered copyrights of Silicon or any of its Subsidiaries and all applications by Silicon or any of its Subsidiaries for registration of copyrights, including the registration number, country and filing and expiration date of each such copyright; (D) all licenses by Silicon or any of its Subsidiaries to any person or entity of any of the rights identified in subparagraphs (A) through (C) above; and (E) all licenses by any other person or entity to Silicon or any of its Subsidiaries of any patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, proprietary rights or processes of any other person or entity.

(b) Each license identified in Schedule 3.19 (each a "License") is a valid and binding obligation of Silicon or the Subsidiary thereto, enforceable in accordance with its terms. With respect to each License, there is no material default (or event that with the giving of notice or passage of time would constitute a material default) by Silicon or the Subsidiary thereto or, to the Knowledge of Silicon, the other party thereto. Silicon has not received any notice (and Silicon does not have Knowledge) of claims asserted by any person to use any patents, trademarks, service marks, trade names, copyrights, technology, know-how or processes licensed by or to Silicon or challenging or questioning the validity or effectiveness of any License.

(c) Silicon and its Subsidiaries have good and valid title to, or otherwise possess adequate rights to use, all patents, trademarks, trade names, copyrights, inventions, trade secrets, software licenses and other proprietary information necessary to permit Silicon and its

Subsidiaries to conduct the business and operations of Silicon and its Subsidiaries in substantially the same manner as it had been conducted prior to the date hereof.

(d) Except as set forth on Schedule 3.19 neither Silicon nor any of its Subsidiaries has, nor, to Silicon's Knowledge has it been alleged to have, infringed upon any patent, trademark, trade name or copyright or misappropriated or misused any invention, trade secret or other proprietary information entitled to legal protection.

(e) Silicon warrants and represents that all software, hardware and firmware used in Silicon's products, except as set forth on Schedule 3.19, was entirely internally-developed by Silicon and that all inventorship, ownership, authorship, patent, copyright, trademark, trade secret and other rights relating to the system are owned by Silicon free and clear of any obligation or agreement to any other person and will not, as a result of the Merger, be the subject of any obligation or agreement to any third party except for the royalty agreement and obligations set forth in Schedule 3.19.

(f) Schedule 3.19 lists all agreements, including all amendments thereto, to which Silicon or its Subsidiaries is a party, which affect the ownership or use of the Media Products (each, a "License Agreement"). Except as set forth on Schedule 3.19 as a result of the transactions contemplated by this Agreement, no additional payments are required under, nor will any changes occur that affect, the terms of any License Agreement. Silicon is not, and to its Knowledge none of the other parties to the agreements set forth on Schedule 3.19 are, in material breach of such agreements. Except as set forth on Schedule 3.19 no License Agreement requires the consent of a third party in connection with the transactions contemplated by this Agreement. For the purpose of this paragraph, "Media Products" shall mean any product of Silicon which utilizes any copyright, trademark, video, film, photo, graphic, sound, text or other content relating to or arising from any of the following television programs or short subject films: (A) *The Price is Right* and (B) *Family Feud*.

3.20 Insurance. IGT has been provided copies of or access to all insurance policies or binders that relate to the businesses of each member of the Silicon Group. All premiums due under the policies and binders have been paid or accrued for and all policies and binders are in full force and effect. As of the date of this Agreement, no notice of cancellation or non-renewal of any policy or binder and no notice of disallowance of any claim under any insurance policy or binder, has been received by Silicon. Except as provided in the applicable policy or binder, Silicon does not have any liability for or exposure to any premium expense for expired policies and there are no current claims by Silicon under any such policy or binder as to which coverage has been denied or disputed by the underwriters of such policies, nor are there any material insured losses for which claims have not been made.

3.21 Bank Accounts; Power of Attorney. Schedule 3.21 sets forth with respect to each bank account or cash account maintained by Silicon at any bank, brokerage or other financial firm, the name of the institution at which such account is maintained, the number of the account, and the names of the individuals having authority to withdraw funds from such account.

3.22 Fairness Opinion; No Finder's Fee. Silicon has received a written opinion from US Bancorp Libra to the effect that the Merger Consideration is, as of the date of this Agreement, fair

from a financial point of view to stockholders of Silicon. Except as set forth on Schedule 3.22, neither Silicon nor any of its Subsidiaries (including WagerWorks) nor any of their respective officers, directors or employees has employed any broker or finder, or incurred any liability for any financial advisory fees, brokerage fees, commissions or finder's fees, and no broker or finder has acted directly or indirectly for Silicon or any of its Subsidiaries (including WagerWorks) in connection with this Agreement or the transactions contemplated hereby.

3.23 Noncompetition. Except as set forth in Schedule 3.23, Silicon and its Subsidiaries are not, and after the Effective Time neither the Surviving Corporation nor IGT will be, by reason of any agreement to which Silicon is a party, subject to any non-competition or similar contractual restriction on their respective businesses.

3.24 WagerWorks Transactions. Except as set forth on Schedule 3.24(a), neither Silicon nor any of its Subsidiaries have (a) transferred or otherwise conveyed in any manner any property or assets to WagerWorks or (b) granted any license or right to WagerWorks to use any patents, trademarks, service marks, trade names, copyrights, technology, know-how or processes owned or licensed by Silicon and, except as set forth on Schedule 3.24(b), WagerWorks is not party to any material agreement. Except as set forth on Schedule 3.24(c), Silicon is not a party to any written or oral agreement to which WagerWorks is a party and Silicon has made no representation, warranty or undertaking, contingent or otherwise, to any third party with respect to the business, operations or financial condition of WagerWorks or any agreement to which WagerWorks is a party.

3.25 WagerWorks Intellectual Property. Silicon represents and warrants that WagerWorks has, pursuant to the Cross License Agreement, granted an exclusive world wide license (including the right to sublicense) to Silicon to use for any gaming-related purpose (excluding Internet Gaming) any patents, trademarks, service mark, trade names, copyrights, technology, know-how or processes owned or licensed by WagerWorks as of the date of the Cross-License Agreement, including any such property that is the subject of pending patent applications. Silicon further represents and warrants that Silicon has provided to IGT copies of all agreements relating to all licenses referred to in this Section 3.25. Silicon is not, and to its knowledge, WagerWorks is not, in material breach of the license agreement identified on Schedule 3.24 hereto. For the purpose of this Section 3.25 "Internet Gaming" shall mean gaming accessible to end users solely via the world wide web protocol on the interconnected worldwide network of computer networks that employ TCP/IP commonly known as the Internet.

3.26 Exchange Warrants. Silicon represents and warrants that, by their terms, all Exchange Warrants not previously exercised shall terminate upon the consummation of the Merger and no warrants, options or other rights to purchase shares of the capital stock of Silicon will exist.

3.27 WagerWorks Corporate Management Services Agreeemnt. Silicon represents and warrants that, by its terms, the Corporate Management Services Agreement by and between Silicon and WagerWorks dated as of June, 2000 is terminable by Silicon for convenience upon 30 days' written notice to WagerWorks.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF IGT AND NEWCO

IGT and NewCo represent and warrant to Silicon, as of the date of this Agreement and as of the Closing Date, as follows:

4.1 Organization. Each of IGT and NewCo is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation and has all requisite corporate power and authority to own its properties and carry on its business as now being conducted.

4.2 Authority; Enforceability.

(a) Each of IGT and NewCo has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations under this Agreement and any of the other agreements referred to in this Agreement to which it is a party. The execution, delivery and performance of this Agreement and any of the other agreements referred to in this Agreement to which it is a party and the consummation of the transactions contemplated hereby or thereby have been (or, in the case of NewCo, will be prior to the Effective Time) duly authorized by all necessary corporate action on the part of IGT and NewCo.

(b) This Agreement and each other agreement executed or to be executed by IGT and NewCo in connection with the transactions contemplated by this Agreement have been, or when executed will be, duly executed and delivered by IGT and NewCo and constitute, or when executed and delivered will constitute, valid and binding obligations of IGT and NewCo, enforceable against IGT and NewCo in accordance with their terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally or by equitable principles which may limit the availability of certain equitable remedies in certain instances.

4.3 No Conflicts or Consents.

(a) Neither the execution, delivery or performance of this Agreement or any of the other agreements referred to in this Agreement by IGT and NewCo nor the consummation of the transactions contemplated by this Agreement or any of the other agreements referred to in this Agreement will violate, conflict with, or result in a breach of any provision of, constitute a default (or an event that, with notice or lapse of time or both, would constitute a default) under, result in the termination of, or accelerate the performance required by, or result in the creation of any Adverse Claim against any of the material properties or assets of IGT or NewCo under the articles of incorporation, bylaws or any other organizational documents of IGT or NewCo; any material note, bond, mortgage, indenture, deed of trust, or other debt obligation (other than ordinary course trade credit) to which IGT or NewCo is a party, or by which IGT or NewCo or any of their

respective material assets are bound; or any material lease, agreement or other instrument or other obligation that is material to the business or operations of IGT or NewCo and to which IGT or NewCo is a party, or by which IGT or NewCo or any of their respective assets are bound; or, subject to obtaining the required Governmental and Gaming Approvals required, violate any order, writ, injunction, decree, judgment, statute, rule or regulation of any Governmental Entity to which either IGT or NewCo is subject or by which IGT or NewCo or any of their respective assets are bound.

(b) No filing or registration with, or authorization, consent or approval of, any Governmental Entity is required by or with respect to IGT or NewCo in connection with the execution and delivery of this Agreement by IGT and NewCo, or is necessary for the consummation of the Merger and the other transactions contemplated by this Agreement, except for: (i) the filing of an HSR Report by each of IGT and Silicon under the HSR Act, if applicable (ii) the filing and recordation requirements of the CGCL with respect to the Articles of Merger, and (iii) the filing with and approval of any Gaming Authority, including approval by the Nevada State Gaming Control Board and the Nevada Gaming Commission under the Nevada Gaming Control Act and the rules and regulations promulgated thereunder.

4.4 No Finder's Fee. Neither IGT nor NewCo nor any of their respective officers, directors or employees has employed any broker or finder, or incurred any liability for any financial advisory fees, for a fairness opinion, brokerage fees, commissions or finder's fees, and no broker or finder has acted directly or indirectly for IGT or NewCo in connection with this Agreement or the transactions contemplated hereby.

4.5 Information Supplied. None of the information supplied or to be supplied by IGT or NewCo specifically for inclusion or incorporation by reference in the Proxy Statement will, at the time the Proxy Statement is first mailed to Silicon's stockholders and at the time of the Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

4.6 Financing. IGT has readily available funds sufficient in amount to pay the Aggregate Merger Consideration and to pay all fees and expenses of IGT and NewCo related to the transactions contemplated by this Agreement.

ARTICLE 5

COVENANTS

5.1 Regulatory Approvals; Gaming Authority; Cooperation and Best Efforts.

(a) IGT and Silicon shall use all reasonable efforts to file, as soon as practicable after the date of this Agreement, all notices, reports and other documents required to be filed with any Governmental Entity or any Gaming Authority with respect to the Merger and the other transactions contemplated by this Agreement (all of the foregoing, collectively "Gaming Approvals"), and to submit promptly any additional information requested by any such Governmental Entity or Gaming Authority. Without limiting the generality of the foregoing, IGT

and Silicon shall, within thirty Business Days of the date of this Agreement, prepare and file the notifications required to be filed under the HSR Act. IGT will pay any filings fees required in filing the HSR Report. Silicon shall, if requested to do so by IGT, respond as promptly as practicable (A) to any inquiries or requests received from the Federal Trade Commission or the Department of Justice for additional information or documentation and (B) to any inquiries or requests received from any state attorney general, foreign antitrust authority or other Governmental Entity in connection with antitrust or related matters. IGT shall not be required to respond to such inquiries except in its sole and absolute discretion.

(i) Each of Silicon and IGT shall (A) give the other party prompt notice of the commencement or threat of commencement of any Proceedings by or before any Governmental Entity or Gaming Authority with respect to the Merger or any of the other transactions contemplated by this Agreement, (B) keep the other party informed as to the status of any such Proceeding or threat, and (C) promptly inform the other party of any communication to or from the Federal Trade Commission, the Department of Justice or any other Governmental Entity or Gaming Authority regarding the Merger. Except as may be prohibited by any Governmental Entity or Gaming Authority or by any legal requirement, Silicon and IGT will consult and cooperate with one another, and will consider in good faith the views of one another, in connection with any analysis, appearance, presentation, memorandum, brief, argument, opinion or proposal made or submitted in connection with any Legal Proceeding under or relating to the HSR Act or any other foreign, federal or state antitrust or fair trade law.

(ii) Notwithstanding the foregoing, neither party will be required to accept any conditions that may be imposed by the FTC or the DOJ in connection with such filings, nor shall IGT be obligated to take any action which would require the voluntary surrender, forfeiture or other termination by IGT of a Gaming Approval then held by IGT or any of its subsidiaries.

(b) Each party will cooperate with the other and use its reasonable best efforts to (i) receive all necessary and appropriate consents of third parties to the transactions contemplated by this Agreement, (ii) satisfy all requirements prescribed by law for, and all conditions set forth in this Agreement to, the consummation of the Merger, and (iii) effect the Merger in accordance with this Agreement at the earliest practicable date.

(c) Nothing contained in this Agreement shall give IGT, directly or indirectly, the right to control or direct Silicon's operations prior to the effectiveness of the Merger. Prior to the effectiveness of the merger, Silicon shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision of its operations.

(d) Denial of License; Individuals. If any employee or director of Silicon shall become an Ineligible Person prior to the Closing, then (i) Silicon shall use its best efforts to cause each Ineligible Person to, immediately resign from any position, including as director or officer, in Silicon and each Ineligible Person shall have no further management role in IGT, NewCo or Silicon, (ii) if required to do so by any Governmental Entity as a condition to receipt of any Gaming Approval, Silicon, IGT or NewCo, as applicable, shall use commercially reasonable efforts to cause each Ineligible Person to, dispose of all of its securities or other ownership interests in Silicon, IGT or Newco and (iii) Silicon, IGT or NewCo, as applicable, shall use

commercially reasonable efforts to cause each Ineligible Person to, cooperate with Silicon, IGT and NewCo in their efforts to obtain and retain in full force and effect the Gaming Approval. “Ineligible Person” shall mean any person who owns any capital stock or other interest in Silicon, IGT or NewCo, as applicable (i) who is denied a Gaming Approval, disqualified from eligibility for a Gaming Approval or found unsuitable by any Governmental Entity before the Closing Date, (ii) whose continued involvement in the business of Silicon, IGT or NewCo, as applicable, as an employee, director, officer or otherwise, may, in Silicon’s or IGT’s reasonable opinion after consultation with counsel, have a Material Adverse Effect on the likelihood that any Governmental Entity will issue a Gaming Approval to Silicon, the Surviving Corporation, NewCo or IGT or (iii) is expressly precluded from having any continuing interest in Silicon, the Surviving Corporation, NewCo or IGT in any Gaming Approval granted by a Governmental Entity as a condition to the issuance or continued validity of any Gaming Approval by any Governmental Entity.

5.2 Silicon Special Meeting.

(a) As soon as practicable following the date of this Agreement, Silicon will call, give notice of and convene a meeting of its stockholders (the “Silicon Stockholders Meeting”) to be held as promptly as practicable for the purpose of voting upon a proposal to adopt this Agreement. The Silicon Stockholders Meeting shall be held on a date selected by Silicon in consultation with IGT.

(b) Silicon shall use its best commercially reasonable efforts to solicit proxies representing at least a majority of the outstanding shares of Silicon Common Stock eligible to vote at the Silicon Stockholders Meeting. As promptly as practicable after the execution of this Agreement, Silicon shall prepare and file with the SEC the Proxy Statement relating to the Silicon Stockholders Meeting. Subject to Section 5.2(c), (i) the Proxy Statement shall include a recommendation (the “Board Recommendation”) of the Board of Directors of Silicon that Silicon’s stockholders vote to adopt this Agreement at the Silicon Special Meeting and (ii) the Silicon Board Recommendation shall not be withdrawn or modified in a manner adverse to IGT, and no resolution by the Board of Directors of Silicon or any committee thereof to withdraw or modify the Board Recommendation shall be adopted or proposed. IGT shall furnish all information concerning itself to Silicon as Silicon may reasonably request in connection with the preparation of the Proxy Statement. Silicon will promptly respond to any SEC comments on the Proxy Statement and Silicon will use its commercially reasonable efforts to resolve all SEC comments as promptly as practicable to the satisfaction of the SEC. As soon as reasonably practicable after clearance from the SEC, Silicon shall mail the Proxy Statement to its stockholders. Silicon shall provide IGT and its counsel reasonable opportunity to review and comment on the Proxy Statement and any amendment or supplement to the Proxy Statement prior to the filing thereof with the SEC. Silicon shall not mail any Proxy Statement, or any amendment or supplement thereto, to which IGT reasonably objects. Silicon and its counsel shall permit IGT and its counsel to participate in all communications with the SEC and its Staff, including all meetings and telephone conferences, relating to the Proxy Statement, the Merger or this Agreement.

(c) Silicon agrees to promptly advise IGT if at any time prior to the Silicon Stockholders’ Meeting any material information provided by it in the Proxy Statement is or

becomes incorrect or incomplete in any material respect and to provide IGT with the information needed to correct such inaccuracy or omission. Silicon will furnish IGT with such supplemental information as may be necessary in order to cause the Proxy Statement, insofar as it relates to Silicon and its subsidiaries, to comply with applicable law after the mailing thereof to stockholders of Silicon. IGT agrees promptly to advise Silicon if at any time prior to the Silicon Stockholders' Meeting any material information provided by it in the Proxy Statement is or becomes incorrect or incomplete in any material respect and to provide Silicon with the information needed to correct such inaccuracy or omission. IGT will furnish Silicon with such supplemental information as may be necessary in order to cause the Proxy Statement, insofar as it relates to IGT and its subsidiaries, to comply with applicable law after the mailing thereof to the stockholders of Silicon.

(d) Notwithstanding anything to the contrary contained in Section 5.2(b), at any time prior to the adoption of this Agreement by the Silicon stockholders, the Board Recommendation may be withdrawn or modified in a manner adverse to IGT if: (i) a proposal for any merger, reorganization, consolidation, share exchange, recapitalization, business combination, or other similar transaction involving, or, any sale, transfer or other disposition of, all or any significant portion of the assets or 50% or more of the equity securities of, Silicon, is made to Silicon and is not withdrawn; (ii) Silicon's Board of Directors determines in its good faith judgment that such offer constitutes a Superior Proposal (as defined in Section 5.3(c)); and (iii) Silicon's Board of Directors determines in its good faith judgment, that, in light of such Superior Proposal, the withdrawal or modification of the Board Recommendation is required in order for Silicon's Board of Directors to comply with its fiduciary obligations to Silicon's stockholders under applicable law; and (iv) neither Silicon nor any Silicon Representative shall have violated any of the restrictions set forth in Section 5.3.

(e) Silicon shall comply with all provisions of the Exchange Act and the Law in the solicitation of proxies from its stockholders to vote upon the proposal to adopt this Agreement and will comply with the Exchange Act and the CGCL in the preparation, filing and distribution of the Proxy Statement.

5.3 No Solicitation.

(a) In light of the consideration given by the Board of Directors of Silicon prior to the execution of this Agreement to, among other things, the transactions contemplated hereby, and in light of Silicon's representations contained in Section 3.22, Silicon agrees that it will not, nor shall it permit any of its Subsidiaries to, directly or indirectly, through any officer, director, representative, agent or affiliate (a "Silicon Representative"), (i) initiate, solicit, encourage, induce or otherwise facilitate the initiation or submission of any inquiries, proposals or offers that constitute or may reasonably be expected to lead to an Acquisition Proposal (as defined below), (ii) furnish any information regarding Silicon to any Person in connection with or in response to an Acquisition Proposal or an inquiry or indication of interest that could reasonably be expected to lead to an Acquisition Proposal, unless required by Applicable Law, (iii) enter into or maintain or continue discussions or negotiate with any Person in furtherance of such inquiries or to obtain an Acquisition Proposal, (iv) agree to, approve, recommend or endorse any Acquisition Proposal, or (v) enter into any letter of intent, contract or similar agreement contemplating or otherwise relating to any Acquisition Proposal; provided, however, that prior to the adoption of this Agreement by the Silicon stockholders, this Section 5.3(a) shall not prohibit Silicon from furnishing nonpublic

information regarding Silicon to, or entering into discussions with, any Person in response to an Acquisition Proposal that is submitted to Silicon by such Person (and not withdrawn) if (w) neither Silicon nor any Silicon Representative shall have violated any of the restrictions set forth in this Section 5.3, (x) the Board of Directors of Silicon concludes in its good faith judgment, that such action is required in order for the Board of Directors of Silicon to comply with its fiduciary obligations to Silicon's stockholders under applicable law, (y) at or prior to furnishing any such nonpublic information to, or entering into discussions with, such Person, Silicon gives IGT written notice of Silicon's intention to furnish nonpublic information to, or enter into discussions with, such Person, and Silicon receives from such Person an executed confidentiality agreement, and (z) at or prior to furnishing any such nonpublic information to such Person, Silicon furnishes such nonpublic information to IGT (to the extent such nonpublic information has not been previously furnished by Silicon to IGT).

(b) For purposes of this Agreement, "Acquisition Proposal" means a proposal for any of the following (other than the transactions contemplated by this Agreement, including the WagerWorks Disposition) that involves: (A) any merger, reorganization, consolidation, share exchange, recapitalization, business combination, liquidation, dissolution, or other similar transaction involving, or, any sale, lease, exchange, mortgage, pledge, transfer or other disposition of, all or any significant portion of the assets or 25% or more of the equity securities of, Silicon; (B) any tender offer or exchange offer for 50% or more of the outstanding shares of capital stock of Silicon or the filing of a registration statement under the Securities Act in connection therewith; or (C) any public announcement of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing.

(c) For purposes of this Agreement, "Superior Proposal" means a bona fide proposal made by a third party to acquire Silicon pursuant to an Acquisition Proposal that the Board of Directors of Silicon determines in its good faith judgment to merit the withdrawal of the Board Recommendation because such third party proposal has more favorable terms than the transactions contemplated by this Agreement, such proposal would provide greater value from a financial point of view to the holders of the capital stock of Silicon, and the party making the proposal has demonstrated that the funds required for the consummation of its proposal are available.

(d) Silicon will immediately notify IGT after receipt of any Acquisition Proposal or any request for nonpublic information relating to Silicon in connection with an Acquisition Proposal or for access to any of the premises, books or records of Silicon by any person or entity that informs Silicon or its Board of Directors, formally or informally, that it is considering making, or has made, an Acquisition Proposal. Such notice to IGT will be made orally and in writing and will indicate in reasonable detail the identity of the offering party and the terms and conditions of such proposal, inquiry or contact; except such disclosure will be made to IGT only to the extent such disclosure does not violate the fiduciary responsibilities of the Board of Directors of Silicon, after being advised by its legal counsel, in which case Silicon will provide IGT with a summary of the terms and conditions of such proposal, inquiry or contact.

(e) Nothing contained in this Section 5.3 will prevent Silicon from complying with Rule 14e-2(a) or Rule 14d-9 promulgated under the Exchange Act, if applicable, with regard to an Acquisition Proposal made in the form of a tender offer by a third party.

(f) Silicon shall immediately cease and cause to be terminated any pre-existing discussions with any Person that relates to any Acquisition Proposal; provided, however, that any such discussions may be recommenced so long as Silicon complies with all of the provisions of this Section 5.3 before doing so.

5.4 Press Releases. Silicon and IGT will consult with each other before issuing, and provide each other the opportunity to review and comment upon, any press releases or other public statements with respect to any transactions described in this Agreement, including the Merger, and will not issue any such press releases or make any such public statement prior to such consultation, except as may be required by Applicable Law, court process or by obligations pursuant to a listing agreement with Nasdaq.

5.5 Access to Information and Confidentiality.

(a) Prior to the Closing Date, Silicon will, and will cause its Subsidiaries to, afford to IGT and its officers, employees, accountants, counsel, financial advisors and other representatives, reasonable access during normal business hours to its properties, premises, books, records, contracts, commitments, and personnel and will furnish to IGT (i) a copy of each report, schedule, registration statement and other documents filed by it during such period pursuant to the requirements of federal or state securities laws, and (ii) such other information with respect to its business, properties and personnel as IGT reasonably requests.

(b) The confidentiality obligations of Silicon and IGT will continue to be governed by the Confidentiality Agreement.

5.6 Consultation and Reporting. During the period from the date of this Agreement to the Closing Date, Silicon will confer with IGT on a regular and frequent basis to report material operational matters with respect to its business and to report on the general status of its ongoing operations. Silicon will notify IGT of any unexpected emergency or other change in the normal course of its business or in the operation of its properties and of any governmental complaints, investigations, adjudicator proceedings, or hearings (or communications indicating that the same may be contemplated) and will keep IGT fully informed of such events and permit IGT's representatives prompt access to all materials prepared by Silicon or on its behalf or served on Silicon in connection therewith.

5.7 Notification of Changes.

(a) Silicon, on the one hand, and IGT and NewCo, on the other hand, will promptly notify the other parties of any event that causes any representation or warranty given by the other parties, respectively, in Article 3 and Article 4 to become untrue.

(b) Silicon, on the one hand, and IGT and NewCo, on the other hand, will each have the right until the Closing to supplement or amend any of the Schedules described in Article 3 or Article 4 with respect to any matter arising or discovered after the date of this Agreement which, if existing or known on the date of this Agreement, would have been required to be set forth or described in such Schedules. For all purposes of this Agreement, including for purposes of determining whether the conditions set forth in Article 6 have been fulfilled, the Schedules will be deemed to include only that information contained therein on the date of this Agreement and will

be deemed to exclude all information contained in any supplement or amendment thereto, except to the extent that they reflect an event or condition that would not have a Material Adverse Effect on the party making the representation and warranty; provided, however, that if the Closing will occur, then all matters disclosed pursuant to any such supplement or amendment will be deemed included in the Schedules at Closing (without necessity of a written waiver or other action on the part of any party) and to modify the applicable representations and warranties for all purposes.

5.8 Fees and Expenses. IGT and Silicon Gaming will each pay the costs and expenses incurred by it in pursuit of the consummation of the Merger and the other transactions contemplated by this Agreement, including financial advisory fees, fairness opinion fees, legal fees and accounting fees (the "Closing Costs"). Notwithstanding the foregoing sentence, IGT will pay any HSR Report filing fees incurred as a result of the Merger.

5.9 Conduct of Business. Except as set forth on Schedule 5.9 hereto, Silicon shall, and shall cause its Subsidiaries to, carry on their respective businesses in the usual, regular and ordinary course in substantially the same manner as heretofore conducted and in compliance in all material respects with all applicable laws and regulations and, to the extent consistent therewith, use all commercially reasonable efforts to preserve intact their current business organizations, keep available the services of their current officers and key employees and preserve their relationships with customers, suppliers and others having business dealings with them (it being understood that Silicon may from time to time lose customers in the ordinary course of business and that due to Silicon's existing financial condition, Silicon may consider taking actions that are inconsistent with the foregoing undertaking; in such case IGT agrees that it shall not unreasonably withhold its consent to such actions).

Except as expressly set forth in this Agreement or as consented to in writing by IGT during the period from the date of this Agreement to the Effective Time, Silicon shall not, and shall not permit any of its Subsidiaries to:

(a) other than the disposition of WagerWorks as contemplated by Section 5.10, the disposition of the Exchange Warrants as contemplated by Section 5.10 and the disposition of the Stock Options as contemplated by Section 5.11, (i) declare, set aside or pay (whether in cash, stock, property or otherwise) any dividends on, or make any other distributions in respect of, any of its capital stock, other than dividends and distributions by any direct or indirect wholly owned subsidiary of Silicon to IGT, (ii) split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock or (iii) purchase, redeem or otherwise acquire any shares of capital stock of Silicon or any of its subsidiaries or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities (except for the expiration of options in accordance with their terms);

(b) other than the issuance of Silicon Common Stock upon the exercise of Stock Options outstanding on the date of this Agreement in accordance with their present terms or in accordance with the present terms of any employment agreements existing on the date of this Agreement, and the issuance of shares of Series E Preferred Stock upon the exercise of the Series E Warrant in accordance with its terms, (i) issue, deliver, sell, award, pledge, dispose of or otherwise encumber or authorize or propose the issuance, delivery, grant, sale, award, pledge or other

encumbrance (including limitations in voting rights) or authorization of, any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities, (ii) amend, waive or otherwise modify the terms of any such rights, warrants or options except as contemplated by this Agreement, or (iii) accelerate the vesting of any of the Stock Options, except as contemplated under the terms of the Stock Options or the stock option plans under which any Stock Options were granted (provided, however, that the foregoing restrictions shall not be applicable to any financing transaction undertaken by Silicon in accordance with Section 5.12);

(c) amend its articles of incorporation, by-laws or other comparable charter or organizational documents, or alter through merger, liquidation, reorganization, restructuring or in any other fashion the corporate structure or ownership of any material subsidiary of Silicon;

(d) acquire or agree to acquire (for cash or shares of stock or otherwise) (i) by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, limited liability company, joint venture, association or other business organization or division thereof or (ii) any assets with a purchase price in excess of \$250,000 except purchases of inventory, fixtures, furniture, supplies, vehicles and equipment in the ordinary course of business consistent with past practice;

(e) commence or undertake or agree to commence the operation or development of a casino or other gaming operations of any nature (excluding the existing gaming operations of Silicon), other than in the ordinary course of business consistent with past practice;

(f) mortgage or otherwise encumber or subject to any Lien (other than purchase money security interests or liens granted in connection with leases permitted by this Agreement), or sell, lease, exchange or otherwise dispose of any of, its properties or assets, except for sales of its properties or assets in the ordinary course of business consistent with past practice;

(g) (i) except in the ordinary course of business consistent with past practices or pursuant to existing credit facilities, lines of credit or similar agreements in aggregate amounts not to exceed \$4.0 million, incur (which shall not be deemed to include credit facilities, lines of credit or similar arrangements until borrowings are made under such agreements) any indebtedness for borrowed money or guarantee any such indebtedness of another person, issue or sell any debt securities or warrants or other rights to acquire any debt securities of Silicon or any of its subsidiaries, guarantee any debt securities of another person, enter into any "keep well" or other agreement to maintain any financial statement condition of another person or enter into any arrangement having the economic effect of any of the foregoing (provided, however, that the foregoing restrictions shall not be applicable to any financing transaction undertaken by Silicon in accordance with Section 5.12), or (ii) make any loans, advances or capital contributions to, or investments in, any other person, other than (A) to Silicon or any direct or indirect wholly owned subsidiary of Silicon or (B) loans or advances to employees of Silicon or any of its subsidiaries for travel or business expenses in the ordinary course of business;

(h) make or agree to make any new capital expenditures which individually exceed \$250,000 per fiscal quarter;

(i) make or rescind any express or deemed election relating to material taxes, settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to material taxes, or change any of its methods of reporting income or deductions for federal income tax purposes from those employed in the preparation of its federal income tax return for the taxable year ending December 31, 1999, except as may be required by applicable law;

(j) pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge, settlement or satisfaction, in the ordinary course of business consistent with past practice or in accordance with their terms, of claims subject to insurance or liabilities reflected or reserved against in, or contemplated by, the most recent consolidated financial statements (or the notes thereto) of Silicon included in Silicon SEC Documents or incurred in the ordinary course of business consistent with past practice; provided that Silicon will not settle or dismiss without the prior written consent of IGT the Drews Distributing litigation identified on Schedule 3.10 hereto;

(k) except as set forth on Schedule 5.9, (i) increase the rate of compensation payable or to become payable generally to any of Silicon's or any of its Subsidiaries' directors, officers or employees other than usual and customary increases to employees who are not officers, (ii) pay or agree to pay any pension, retirement allowance, severance, continuation or termination benefit or other material employee benefit not provided for by any existing Pension Plan, Benefit Plan or employment agreement described in the Silicon SEC Documents filed prior to the date of this Agreement and publicly available or disclosed on Schedule 5.9, (iii) establish, adopt or commit itself to any additional pension, profit sharing, bonus, incentive, deferred compensation, stock purchase, stock option, stock appreciation right, group insurance, severance pay, continuation pay, termination pay, retirement or other material employee benefit plan, agreement or arrangement, or amend or modify or increase the benefits under or take any action to accelerate the rights or benefits under any collective bargaining agreement or any employee benefit plan, agreement or arrangement, including the Stock Option plans or other Benefit Plan, (iv) enter into any severance, retention or employment agreement with or for the benefit of any person (such agreements or undertakings are referred to herein as "Retention Agreements"), or (v) increase the rate of compensation under or otherwise change the terms of any existing employment agreement;

(l) with respect to any agreement related to the Media Products and the Cross License, modify, amend, assign, terminate, grant any waiver or release or change in any way any of such agreements and, with respect to any other material contract or agreement, except in the ordinary course of business consistent with past practice, modify, or amend in any material respect, or renew, fail to renew or terminate, any such material contract or agreement to which Silicon or any subsidiary is a party or waive, release or assign any material rights or claims pertaining thereto;

(m) change fiscal years;

(n) authorize, recommend, propose or announce an intention to adopt a plan of complete or partial liquidation or dissolution of Silicon;

(o) enter into any collective bargaining agreement;

(p) engage in any transaction with, or enter into any agreement, arrangement or understanding with, directly or indirectly, any of Silicon's officers or directors other than pursuant to such agreements (x) existing on the date hereof and disclosed on Schedule 5.9, (y) entered into in the ordinary course of business consistent with past practice or (z) contemplated by this Agreement;

(q) engage in any transaction or enter into any agreement which would sell any inventory or asset of Silicon or its Subsidiaries at a price below that which would be negotiated if this Agreement and the related merger were not contemplated;

(r) enter into any agreement of any nature with WagerWorks and any entity controlled by or under common control with WagerWorks or modify, amend, assign, terminate, grant any waiver or release or change in any way any existing agreement with WagerWorks except for the Cross License as required by Section 6.2(n) hereof; or

(s) authorize any of, or commit or agree to take any of, the foregoing actions.

5.10 Completion of Disposition of WagerWorks. Promptly following the execution of this Agreement, Silicon shall use its commercially reasonable efforts to dispose of all of the outstanding capital stock of WagerWorks (except the Wager Works Shares) held by Silicon in a manner satisfactory to IGT, Silicon and the holders of a majority of the outstanding shares of Series D Preferred Stock, such disposition to be effected on an "as-is" basis (except that Silicon may represent that upon the disposition of the shares the purchaser will acquire title to the shares free and clear of any encumbrances) and providing that upon the consummation of such disposition, neither Silicon nor any of its Subsidiaries shall have any further liabilities or obligations to any third party of any nature whatsoever relating to or arising from the disposition of all outstanding capital stock of WagerWorks; provided that no consent from IGT shall be required pursuant to this Section 5.10 if (i) such disposition is a sale to one or more existing stockholders or lenders of Silicon, (ii) Silicon has first obtained an opinion of its financial advisor that the terms of such disposition are fair from a financial point of view to the stockholders of Silicon and (iii) such sale is to be effected on an "as is" basis (except that Silicon may represent that upon the disposition of the shares the purchaser will acquire title to the shares free and clear of any encumbrances).

5.11 Stock Options.

(a) IGT and Silicon shall, effective as of the Effective Time, (i) cause each Stock Option that is outstanding to be canceled, and (ii) in consideration of such cancellation and, except to the extent IGT or NewCo and the holder of any such Stock Option otherwise agree, cause Silicon to pay such holders of Stock Options which are outstanding and have vested in accordance with its terms an amount in respect thereof equal to the product of (x) the excess, if any, of the Conversion Cash over the exercise price of each such Stock Option, and (y) the number of vested shares of Silicon Common Stock subject to the Stock Option immediately prior to its cancellation (such payment to be net of applicable withholding taxes).

(b) Upon payment of all amounts required to be paid pursuant to paragraph (a) of this Section 5.11, all plans pursuant to which Stock Options are issued shall terminate as of the

Effective Time, and no holder of Stock Options or participant in any such plan shall have any rights thereunder to acquire any equity securities of Silicon, the Surviving Corporation or any subsidiary or affiliate thereof.

(c) All other plans, programs or arrangements providing for the issuance or grant of any other interest in respect of the capital stock of Silicon or any of its Subsidiaries shall terminate as of the Effective Time, and no participant in any such plans, programs or arrangements shall have any rights thereunder to acquire any equity securities of Silicon, the Surviving Corporation or any subsidiary or affiliate thereof.

(d) IGT and Newco agree that Silicon may, with the approval of its Board of Directors and B III, modify the terms (but not the number of shares purchasable upon the exercise of the Stock Options) of outstanding Stock Options (excluding the Original Stock Options) prior to the Closing, including without limitation, the exercise price thereof.

5.12 Interim Financing. Each time Silicon proposes to incur any indebtedness for borrowed money, other than under existing credit lines, in an amount exceeding \$500,000, Silicon shall first (i) provide IGT written notice of its intention to incur such indebtedness and include all material terms of such borrowing proposal and (ii) allow IGT to elect, in its sole discretion, to lend to Silicon the amounts specified in Silicon's written notice at a price and on the terms at least as favorable to Silicon as those specified in such notice provided that such loans shall not, if made by IGT, be senior to the indebtedness outstanding to B III unless B III consents thereto. If the Merger is consummated, any amounts loaned to Silicon under this provision that remain outstanding at the time of the Closing will be deducted from the Merger Consideration in accordance with the provisions of Section 2.1(b). In the event that IGT exercises its rights and chooses to make interim loans to Silicon, such loans shall only be made after IGT has provided notice to any and all gaming authorities requiring such notice and has received all necessary gaming authority approvals required to make such loans.

5.13 Indemnification and Insurance.

(a) IGT and NewCo agree that all rights to indemnification for acts or omissions occurring prior to the Effective Time now existing in favor of the current or former directors or officers (the "Indemnified Parties") of Silicon and its Subsidiaries as provided in their respective articles or certificates of incorporation or bylaws (or similar organizational documents) or existing indemnification agreements shall survive the Merger and shall continue in full force and effect in accordance with their terms.

(b) In addition, IGT will provide (or cause the Surviving Corporation to provide), for a period of not less than six (6) years after the Effective Time, Silicon's current directors and officers an insurance and indemnification policy that provides coverage for events occurring at or prior to the Effective Time that is no less favorable than Silicon's existing directors and officers insurance policy or, if substantially equivalent insurance coverage is unavailable, the best available coverage; provided, however, that IGT and the Surviving Corporation shall not be required to pay an annual premium for such insurance coverage in excess of 150% of the annual premium currently paid by Silicon for such insurance, but in any case shall purchase as much such

coverage as possible for such amount. Silicon hereby represents that the annual premium for such policy for the year ended July 30, 2001 was \$267,108.08.

(c) This Section 5.13 shall survive the consummation of the Merger at the Effective Time, is intended to benefit Silicon, IGT, the Surviving Corporation and the Indemnified Parties and their respective heirs, representatives, successors and assigns, and shall be binding on all successors and assigns of IGT and the Surviving Corporation.

5.14 Certain WagerWorks Transactions. Except as expressly set forth on Schedule 3.24, during the period from the date of this Agreement to the Effective Time, Silicon shall not, and shall not permit any of its Subsidiaries to (a) amend any of the agreements set forth on Schedule 3.24 or 3.25, (b) transfer or otherwise convey in any manner any property or assets to WagerWorks or (c) grant any license or right to WagerWorks to use any patents, trademarks, service marks, trade names, copyrights, technology, know how or processes owned or licensed by Silicon or any of its Subsidiaries.

ARTICLE 6

CLOSING CONDITIONS

6.1 Conditions Applicable to all Parties. The respective obligations of each party to consummate the transactions contemplated by this Agreement are subject to the satisfaction or, where permissible, waiver by such party of the following conditions at or prior to the Closing Date:

(a) Silicon Stockholder Approval. The Merger will have been duly approved by holders of the outstanding shares of Silicon Common Stock and Silicon Preferred Stock in accordance with the CGCL and the Articles of Incorporation of Silicon.

(b) HSR Act. The waiting periods (and any extensions thereof) applicable to the Merger under the HSR Act, if applicable, shall have been terminated or shall have expired and no condition will have been imposed on Silicon or IGT to obtain such termination that would require the divestiture of any Silicon or IGT assets or otherwise have a Material Adverse Effect on either party.

(c) No Injunctions or Restraints. No temporary restraining order, preliminary or permanent injunction or other order, judgment or decree to restrain or prohibit the consummation of the Merger or any of the other transactions described in this Agreement shall have been issued and remain in effect.

(d) Litigation. There shall not have been instituted or pending, or threatened, any Proceeding by any Governmental Entity as a result of this Agreement or any of the transactions contemplated hereby which, if such Governmental Entity were to prevail, would reasonably be expected to have a Material Adverse Effect on IGT or the Surviving Corporation.

(e) Gaming Approvals. All necessary or required gaming approvals from any Gaming Authorities shall have been received or obtained.

(f) WagerWorks Disposition. Silicon will have completed the WagerWorks Disposition in accordance with Section 5.10 hereof.

6.2 Conditions to IGT's and NewCo's Obligations. The obligations of IGT and NewCo to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions, unless waived in writing by IGT:

(a) Representations and Warranties. The representations and warranties of Silicon set forth in this Agreement that are qualified by materiality, will be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date, and the representations and warranties of Silicon not so qualified shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date, provided that those representations and warranties which address matters only as of a particular date shall remain true and correct as of such date.

(b) Covenants. Silicon will have performed or complied in all material respects with the obligations and covenants required to be complied with or performed by it under this Agreement at or prior to the Closing Date.

(c) Consents and Approvals. All consents and approvals of third parties necessary for the consummation of the transactions contemplated by this Agreement shall have been obtained.

(d) Closing Certificate. IGT will have received a certificate executed by the Chief Executive Officer and Chief Financial Officer of Silicon dated the Closing Date, certifying that the conditions specified in Section 6.2(a) through (c) have been fulfilled. Silicon shall also have delivered to IGT (i) a certificate of good standing from the Secretary of State of the State of California and of comparable authority in other jurisdictions in which Silicon and its Subsidiaries are incorporated or qualified to do business stating that each is a validly existing corporation in good standing; (ii) duly adopted resolutions of the Board of Directors and stockholders of Silicon approving the execution, delivery and performance of this Agreement and the instruments contemplated hereby, certified by the Secretary of Silicon; and (iii) a true and complete copy of the articles of incorporation or comparable governing instruments, as amended, of Silicon and its Subsidiaries certified by the Secretary of State of the state of incorporation or comparable authority in other jurisdictions, and a true and complete copy of the by-laws or comparable governing instruments, as amended, of Silicon and its Subsidiaries certified by the Secretary of Silicon and its Subsidiaries, as applicable.

(e) Director and Officer Resignations. IGT shall have received resignations from all of the directors and officers of Silicon, such resignations to be effective as of the Effective Time.

(f) Voting Agreements. The parties to the Voting Agreements shall have voted their shares of Silicon Common Stock in accordance therewith.

(g) Stockholders Agreement. The parties to that certain Stockholders Agreement dated November 24, 1999 (the "Stockholders Agreement") shall have terminated such

Stockholders Agreement subject to effectiveness of the Merger and, upon such effectiveness, the Stockholders Agreement shall no longer be of any legal force or effect.

(h) Consents and Approvals. IGT shall have received evidence, in form and substance reasonably satisfactory to it, that such licenses, permits, consents, approvals, waivers, findings of suitability, authorizations, qualifications and orders of, and declarations, registrations and filings (including, without limitation, all Gaming Approvals) (collectively, “Consents and Filings”) required to be made or obtained by Silicon or IGT from all Governmental Entities and parties to loan or credit agreements, notes, mortgages, indentures, leases or other contracts, agreements or instruments to which Silicon, IGT or any of their respective subsidiaries is a party or by which Silicon, IGT or any of their respective Subsidiaries or their respective assets are bound or affected, as are required in connection with the Merger and the consummation of the transactions contemplated hereby, have been obtained or made, as applicable, by Silicon or IGT, as the case may be, without the imposition of any material limitations, prohibitions or requirements of a type that are not acceptable to IGT in its sole discretion, and are in full force and effect, other than those Consents and Filings (including Gaming Approvals) which, if not obtained or made, would not, either have (i) a Material Adverse Effect on the transactions contemplated hereby, (ii) a Material Adverse Effect on the Surviving Corporation or IGT after the Effective Time, or (iii) a Material Adverse Effect on the continuation of the operations and business of IGT and its subsidiaries by the Surviving Corporation after the consummation of the transactions contemplated hereby.

(i) The Consulting Agreements entered into with Andrew Pascal, Paul Mathews and Tom Carlson shall each be in force and effect.

(j) The agreements specified on Schedule 6.2(k) hereto shall have been modified as set forth on Schedule 6.2(k) hereto.

(k) There shall be no restriction (other than that imposed by applicable securities laws) on the right of IGT or the Company to dispose of the shares of WagerWorks retained by the Company.

(l) All outstanding warrants, options, or rights to acquire equity securities of Silicon shall have been exercised or have been terminated as of the Closing or be exercisable solely for the amount of Conversion Cash per share that would have been received had the warrant been exercised prior to the Closing.

(m) The Cross License Agreement shall have been modified as set forth on Schedule 6.2(n) hereto.

6.3 Conditions to Obligations of Silicon. The obligations of Silicon to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions, unless waived in writing by Silicon:

(a) Representations and Warranties. The representations and warranties of IGT and NewCo set forth in this Agreement, will be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date, except as

otherwise contemplated by this Agreement, and except where the failure of any representations and warranties, individually or in the aggregate, would not have Material Adverse Effect.

(b) Covenants. Each of IGT and NewCo will have performed or complied in all material respects with all obligations and covenants required to be complied with or performed by it under this Agreement at or prior to the Closing Date.

(c) Closing Certificate. The receipt by Silicon of a certificate executed by the Chief Executive Officer or President and Chief Financial Officer of IGT dated the Closing Date, certifying that the conditions specified in Section 6.3(a) through (c) have been fulfilled.

(d) Consents and Approvals. Silicon shall have received evidence, in form and substance reasonably satisfactory to it, that all Gaming Approvals required to be made or obtained by Silicon or IGT from all Governmental Entities as are required in connection with the Merger and the consummation of the transactions contemplated hereby, have been obtained or made, as applicable, by Silicon or IGT, as the case may be, without the imposition of any material limitations, prohibitions or requirements of a type that are not acceptable to Silicon in its sole discretion, and are in full force and effect, other than those Gaming Approvals which, if not obtained or made, would not, either have (i) a Material Adverse Effect on the transactions contemplated hereby, (ii) a Material Adverse Effect on the stockholders of Silicon after the Effective Time.

ARTICLE 7

TERMINATION AND AMENDMENT

7.1 Termination. This Agreement may be terminated and the Merger contemplated by this Agreement abandoned at any time before the Effective Time, whether before or after approval by the Silicon stockholders as follows:

(a) Mutual Consent. By the mutual consent of the Boards of Directors of Silicon and IGT.

(b) Material Breach. By the Board of Directors of either Silicon or IGT if there has been a material breach by the other of any representation or warranty contained in this Agreement or of any covenant contained in this Agreement, which in either case cannot be, or has not been, cured within 10 days after written notice of such breach is given to the party committing such breach; provided that the right to effect such cure will not extend beyond the date set forth in Section 7.1(c) below and the party seeking to terminate may not then be in material breach of any representation, warranty or covenant contained in this Agreement.

(c) Abandonment. By the Board of Directors of either Silicon or IGT if the Merger has not occurred by May 30, 2001, unless the failure to consummate the Merger is attributable to a failure on the part of the party seeking to terminate this Agreement to perform any material obligation required under the terms and provisions of this Agreement to be performed by it.

(d) Government Action. By the Board of Directors of either Silicon or IGT if any Governmental Entity shall have issued a final, non-appealable order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Merger.

(e) Failure to Obtain Required Vote of Silicon Stockholders. By either Silicon or IGT if the Silicon Special Meeting (including any adjournments and postponements thereof) shall have been held and completed and this Agreement shall not have been adopted by the required affirmative vote of the Silicon stockholders at such meeting; provided, however, that a party shall not be permitted to terminate this Agreement pursuant to this Section 7.1(e) if the failure to obtain such stockholder approval is attributable to a failure on the part of such party to perform any material obligation required under the terms and provisions of this Agreement to be performed by it at or prior to the Effective Time.

(f) Board Recommendation. By IGT, if the Board of Directors of Silicon (i) withdraws or modifies adversely its recommendation of the Merger following the receipt by Silicon of an Acquisition Proposal, (ii) recommends an Acquisition Proposal to Silicon stockholders or (iii) fails to call or hold the Silicon stockholders' meeting by reason of the receipt by Silicon of an Acquisition Proposal or for any other reason.

(g) Failure of Certain Specified Matters.

(i) by IGT if

(A) any representation made by Silicon in this Agreement is materially untrue as of the time such representation is made; provided, that such misrepresentation or misrepresentations are, with respect to Silicon, reasonably likely to cause or result in an adverse affect of an amount greater than \$1,000,000; or

(B) at Closing, the total aggregate liabilities reflected on the Agreed Upon Balance Sheet exceed \$45,000,000; or

(C) at Closing, Silicon does not own the patents or patent applications listed on Appendix A to the Letter Agreement, or Silicon has licensed any of such patents or patent applications to a third party other than IGT or WagerWorks (but, if to WagerWorks, only to the extent that such licenses have been represented as exclusive to Internet applications); or

(D) Silicon fails to make commercially reasonable efforts to provide IGT with the information or other assistance reasonably necessary to consummate the transactions contemplated by this Agreement; or

(E) Silicon fails to take all reasonable actions within its control necessary to permit the closing of the Transaction, including if Silicon terminates this Agreement as a result of receipt of an Acquisition Proposal as described in Section 5.4 or withdraws its recommendation of the Merger;

(F) On or before May 30, 2001, Silicon has not completed the WagerWorks Disposition and all other conditions to Closing identified in Article 6 hereof have been satisfied provided that such failure did not occur as a result of IGT's refusal to consent to a sale of WagerWorks being made on the basis specified in Section 5.10 hereof, including a sale to one or more existing stockholders or lenders of Silicon except that in the event the disposition is to one or more existing stockholders or lenders of Silicon then Silicon shall first obtain an opinion of its financial advisor that the terms of such disposition are fair from a financial point of view to the stockholders of Silicon.

(ii) and by Silicon in the event that a Governmental Entity with responsibility for antitrust matters requests additional information and, within 30 days thereafter IGT has not responded to such request or advised Silicon in writing that it is undertaking to respond to such request provided that, with respect to Silicon's right to terminate, Silicon is not then in material breach of any representation, warranty or covenant contained in this Agreement.

(h) Superior Proposal. By Silicon if, prior to approval of the Merger by its stockholders and as a result of a Superior Proposal, the Board of Directors of Silicon determines, in good faith, after consultation with legal counsel and its financial advisor, that the failure to terminate this Agreement and accept such Superior Proposal would be inconsistent with the proper exercise of its fiduciary duties; provided, however, that before Silicon may terminate this Agreement pursuant to this subsection 7.1(h), Silicon shall give notice to IGT of the proposed termination under this subsection this 7.1(h) and IGT, within five (5) business days of receipt of such notice, shall have the right, in its sole discretion, to offer to amend this Agreement to provide for terms substantially similar to those of the Superior Proposal and Silicon shall negotiate in good faith with IGT with respect to such proposed amendment; provided, further, that if IGT and Silicon are unable to reach an agreement with respect to the IGT's proposed amendment within ten (10) days after such good faith negotiations have commenced, Silicon may terminate this Agreement pursuant to this subsection 7.1(h).

7.2 Effect of Termination. Upon termination of this Agreement pursuant to this Article 7, this Agreement will be void and of no effect, other than the obligation to repay immediately the Prepayment Amount and to pay the Termination Fee referred to in Section 7.3, if applicable, and will result in no other obligation of or liability to any party or their respective directors, officers, employees, agents or stockholders, unless such termination was the result of an intentional breach of any representation, warranty or covenant in this Agreement in which case the party who breached the representation, warranty or covenant will be liable to the other party for damages.

7.3 Expenses; Termination Fees. Except as set forth in this Section 7.3 or Sections 5.10 and 5.14, all fees and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement shall be paid by the party incurring such expenses, whether or not the Merger is consummated.

(a) If this Agreement is terminated by Silicon pursuant to Sections 7.1(b) or 7.1(g)(ii), and Silicon is not at such time in material breach of any representation, warranty or

covenant set forth in this Agreement, IGT shall be obligated to pay Silicon \$2,500,000, and Silicon may retain the Prepayment Amount without any obligation of repayment to IGT.

(b) If this Agreement is terminated by IGT for any of the reasons set forth in Sections 7.1(b), 7.1(e), 7.1(f), 7.1(h) or clause (F) of Section 7.1(g)(i), and IGT is not at such time in material breach of any representation, warranty or covenant set forth in this Agreement, Silicon shall be obligated to pay IGT \$1,000,000, excluding the Prepayment Amount, which Prepayment Amount shall also at the same time be returned to IGT; provided, however, if IGT terminates this Agreement for the reasons set forth in Section 7.1(b) it only be entitled to the Prepayment Amount unless with respect to a breach of a representation made by Silicon, such misrepresentation or misrepresentations are reasonably likely to cause or result in either (i) an adverse effect on Silicon of an amount greater than \$1,000,000 or (ii) a Material Adverse Effect.

(c) If this Agreement is terminated by both Silicon and IGT pursuant to Section 7.1(a), by either Silicon or IGT pursuant to Section 7.1(c) or 7.1(d), or by IGT pursuant to clauses (A) through (E) of Section 7.1(g)(i), and the terminating party is not at such time in material breach of any representation, warranty or covenant set forth in this Agreement, then Silicon shall repay the Prepayment Amount to IGT and no further payments shall be made by either party to the other.

(d) If IGT is obligated to pay the Termination Fee to Silicon, then Silicon shall, as an inducement to cause IGT to enter into this Agreement and for no additional consideration, issue to IGT a fully paid up nonexclusive perpetual worldwide license to Patent Number 6,104,815 ("Method and Apparatus for Providing Authenticated, Secure On-Line Communication Between Remote Locations") for use in IGT's traditional casino gaming applications, and IGT shall issue to Silicon, as an inducement to cause Silicon to enter into this Agreement and for no additional consideration, a fully paid up nonexclusive perpetual worldwide license to Patent Number 5,265,874 for use in Silicon's operations. In such circumstances, the parties hereto agree to negotiate in good faith to promptly enter into and execute an agreement implementing this undertaking.

ARTICLE 8

DEFINED TERMS

8.1 Definitions. In addition to the other defined terms used in this Agreement, the following terms when capitalized have the meanings indicated.

"Acquisition Proposal" has the meaning ascribed to it in Section 5.5(b).

"Adverse Claim" has the meaning ascribed to it in Section 8.102(a) of the Uniform Commercial Code.

"Affiliate" has the meaning ascribed to it by Rule 12b-2 promulgated under the Exchange Act.

"Agreed Upon Pre-Closing Balance Sheet" has the meaning ascribed to it in Section 2.1(c).

"Agreement" means this Agreement and Plan of Merger, including the exhibits and

schedules, as amended or otherwise modified from time to time.

“Amended Notes” means the \$7.5 million aggregate principal amount of Senior Discount Notes not exchanged for Series D Preferred Stock of Silicon under the Restructuring Agreement and certain terms and provisions of which were amended pursuant to Amendment No. 2 to the Securities Purchase Agreement.”

“Amended Notes Securities Purchase Agreement” means the Original Securities Purchase Agreement, as amended by Amendment No. 1 to the Securities Purchase Agreement and Amendment No. 2 to the Securities Purchase Agreement.

“Amendment No. 2 to the Securities Purchase Agreement” means that certain Amendment No. 2 to the Securities Purchase Agreement initially entered into and dated September 30, 1997 (the “Original Securities Purchase Agreement”), and as amended by Amendment No. 1 to the Securities Purchase Agreement dated July 8, 1998 (the “Amendment No. 1 to the Securities Purchase Agreement”), by and between Silicon and BIII Capital Partners, L.P.

“Applicable Law” means any statute, law, rule or any judgment, order, writ, injunction or decree of any Governmental Entity to which a specified Person or its property is subject.

“Benefit Arrangement” means any employment, severance or similar contract, or any other contract, plan, policy or arrangement (whether or not written) providing for compensation, bonus, profit-sharing, stock option or other stock related rights or other forms of incentive or deferred compensation, vacation benefits, insurance coverage (including any self-insured arrangement), health or medical benefits, disability benefits, severance benefits and post-employment or retirement benefits (including compensation, pension, health, medical or life insurance benefits), other than the Employee Plans, that is maintained, administered or contributed to by the employer and covers any employee or former employee of any member of the Silicon Group.

“Berg Note” means the promissory note issued by Silicon to Mr. Carl Berg, in the principal amount of \$1,000,000, dated as of July 28, 2000.

“Business Day” means any day (other than Saturday or Sunday) on which commercial banks in Palo Alto, California are open for business.

“CGCL” means the California General Corporation Law, as in effect on the Closing Date.

“Closing” means the consummation of the Merger and the other transactions contemplated by this Agreement.

“Closing Date” means the date on which the Closing occurs.

“Code” means the Internal Revenue Code of 1986, as amended.

“Common Stock Voting Agreement” has the meaning ascribed to it in the Recitals.

“Confidentiality Agreement” means the Confidentiality Agreement, dated as of _____, 2000, entered into and delivered by IGT to Silicon.

“Consents and Filings” has the meaning ascribed to it in Section 6.2(h).

“Consulting Agreement” has the meaning ascribed to it in the Recitals.

“Conversion Cash” has the meaning ascribed to it in Section 2.1(d).

“Cross-License Agreement” means that certain Cross License Agreement dated April 4, 2000 by and between Silicon and Wager Works.

“Dissenting Shares” has the meaning ascribed to it in Section 2.6.

“Effective Date” has the meaning ascribed to it in Section 1.2.

“Effective Time” has the meaning ascribed to it in Section 1.2.

“Employee Plan” means a plan or arrangement as defined in Section 3(3) of ERISA, that (a) is subject to any provision of ERISA, (b) is maintained, administered or contributed to by any member of the Silicon Group and (c) covers any employee or former employee of any member of the Silicon Group.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

“Exchange Act” means the Securities and Exchange Act of 1934, as amended.

“Exchange Warrants” means those certain stock purchase warrants entitling the holders thereof to purchase an aggregate of up to 41,668,486 shares of Silicon Common Stock, issued pursuant to that certain Warrant Agreement dated as of June 30, 2000 by and between Silicon and the Warrant Agent named therein.

“GAAP” means accounting principles generally accepted in the United States.

“Gaming Approval” has the meaning ascribed to it in Section 5.1(a).

“Gaming Authority” means, collectively, the Mississippi Gaming Commission, the Nevada Gaming Commission, the Nevada State Gaming Control Board, the National Indian Gaming Commission and any other tribal or Governmental Entity that holds regulatory, licensing or permit authority over gaming activities conducted by Silicon its Subsidiaries within its jurisdiction.

“Gaming Laws” means, collectively, (a) the Nevada Gaming Control Act, as codified in Chapter 463 of the Nevada Revised Statutes, as amended from time to time, together with the regulations of the Nevada Gaming Commission promulgated thereunder, as amended from time to time, (b) the Mississippi Gaming Control Act, as codified in Chapter 76 of the Mississippi Code Annotated, as amended from time to time, together with the regulations of the Mississippi Gaming Commission promulgated thereunder, as amended from time to time, and (c) all other laws and regulations pursuant to which any Gaming Authority possesses regulatory, licensing or permit authority over gaming activities conducted by Silicon or its Subsidiaries within its jurisdiction.

“Governmental Entity” means any court or tribunal of competent jurisdiction in any jurisdiction or any public, governmental or regulatory body, agency, department, commission, board, bureau or other authority or instrumentality, domestic or foreign, including, without limitation, the National Indian Gaming Commission, or any other tribal or governmental authority regulating any form of gaming.

“Gross Inventory” means the total amount of inventory reflected on Silicon’s balance sheet as of the Closing Date, determined in accordance with GAAP applied on a basis consistent with the Pre-Closing Balance Sheet.

“IGT Audited Financial Statements” means the audited balance sheets and related statements of income, retained earnings and cash flow, and the related notes thereto of IGT for the years ended December 31, 1997, 1998 and 1999.

“IGT Financial Statements” means the IGT Audited Financial Statements and the IGT Interim Financial Statements.

“IGT Interim Financial Statements” means the unaudited balance sheet, and the related unaudited statements of income, retained earnings and cash flows of IGT for the six-month period ended June 30, 2000.

“IGT Latest Balance Sheet” means the latest balance sheet of IGT included in the IGT Audited Financial Statements.

“Ineligible Person” has the meaning ascribed to it in Section 5.1(d).

“Internet Gaming” has the meaning ascribed to it in Section 3.25.

“Knowledge” means, when given to qualify or limit a representation or warranty otherwise made by Silicon or IGT, respectively, the actual knowledge, after reasonable inquiry, of the officers and directors of Silicon or IGT, respectively.

“Leases” means any (i) ground lease or (ii) office, warehouse or facility lease (in each of (i) and (ii), whether or not reduced to writing), to which Silicon (or any predecessor in interest of Silicon) is subject.

“Letter Agreement” means the letter agreement between IGT and Silicon, dated as of October 16, 2000.

“License Agreement” has the meaning ascribed to it in Section 3.19(f).

“Liens” means pledges, liens, defects, leases, licenses, equities, conditional sales contracts, charges, claims, encumbrances, security interests, easements, restrictions, chattel mortgages, mortgages or deeds of trust, of any kind or nature whatsoever.

“Material Adverse Effect” means, with respect to any Party, any change in, effect on, or circumstance that, individually or in the aggregate, has had or would reasonably be likely to have a material and adverse effect on the operations, business, assets, properties, prospects, results of

operations or financial condition of such party and its Subsidiaries, taken as a whole; provided, however, that a Material Adverse Effect shall not include (i) any material adverse effect caused by any change resulting from announcement of the Merger, (ii) changes in general economic conditions or changes affecting generally the industries in which such Party operates, (iii) changes in trading prices for such party's capital stock and (iv) the impact of changes in GAAP. For the purposes of this Agreement, a termination or the occurrence of any event which would with or without the passage of time permit a party thereto other than Silicon to terminate any agreement related to the Media Products or that certain Cross License Agreement dated April 4, 2000 by and between Silicon and Wager Works shall be deemed to constitute a "Material Adverse Effect" and a workforce reduction made by Silicon after the date hereof without the prior approval of IGT will be deemed to constitute a "Material Adverse Effect".

"Material Contract" means any executory contract, agreement or other understanding, whether or not reduced to writing, that is not cancelable within 30 days, to which Silicon, its Subsidiaries, or their property is subject, which provides for future payments to another Person by the relevant entity or entities of more than \$100,000 in the aggregate in any calendar year.

"Nasdaq" means the National Association of Securities Dealers Automated Quotation System.

"NewCo" shall have the meaning ascribed to it in the heading of this Agreement.

"New Notes" means the 13% Senior Secured Notes issued by Silicon under the Securities Purchase Agreement between Silicon and B III Capital Partners LP, dated as of November 24, 1999.

"NOL" means the net operating loss of Silicon for the period from November 24, 1999 through the Closing Date, including a write-off of excess and obsolete inventory (defined as "all inventories in excess of 6 months estimated spares usage") as of the Closing.

"NOL-Gross Inventory Amount" shall have the meaning ascribed to it in Section 2.1(c)(iii).

"Original Stock Options" means outstanding options to purchase Silicon Common Stock identified on Schedule 3.2(e) hereto as "original stock options".

"Pearson Agreement" shall have the meaning ascribed to it in Section 3.4(c).

"Permitted Liens" means (i) Liens securing Silicon's credit facility, (ii) Liens for Taxes not yet due and payable, and (iii) mechanics liens and similar Liens incurred in the ordinary course of business that will not, in any case or in the aggregate, materially detract from the value of the assets subject thereto or cause a Material Adverse Effect with respect to Silicon.

"Person" means an individual, firm, corporation, general or limited partnership, limited liability company, limited liability partnership, joint venture, trust, governmental authority or body, association, unincorporated organization or other entity.

"Pre-Closing Periods" means all Tax periods ending at or before the Closing Date and,

with respect to any Tax period that includes but does not end at the Closing Date, the portion of such period that ends at and includes the Closing Date.

“Pre-Closing Balance Sheet” has the meaning ascribed to it in Section 2.1(c).

“Preferred Stock Voting Agreement” has the meaning ascribed to it in the Recitals.

“Prepayment Amount” has the meaning ascribed to it in Section 2.1(b).

“Proceedings” means any suit, action, proceeding, dispute or claim before or investigation by any Governmental Entity.

“Proxy Statement” means the proxy statement of Silicon for the purpose of soliciting proxies from the Silicon stockholders to vote in favor of the adoption of this Agreement at the Silicon Special Meeting, together with any accompanying letter to stockholders, notice of meeting form of proxy, and any amendments or supplements of any of these.

“Restructuring Agreement” shall mean that certain Restructuring Agreement by and between Silicon and BIII Capital Partners, L.P., dated as of November 24, 1999.

“Retention Agreements” has the meaning assigned to it in Section 5.9(k).

“Returns” means all returns, reports, estimates, declarations and statements of any nature relating to, or required to be filed in connection with, any Taxes, including information returns or reports with respect to backup withholding and other payments to third parties.

“SEC” means the Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended, and all rules and regulations promulgated thereunder.

“Series D Certificate of Determination” means the Certificate of Determination for Silicon’s Series D Preferred Stock.

“Series D Preferred Stock” means the Series D Convertible Redeemable Preferred Stock of Silicon.

“Series E Certificate of Determination” means the Certificate of Determination for Silicon’s Series E Preferred Stock.

“Series E Preferred Stock” means the Series E Convertible Redeemable Preferred Stock of Silicon.

“Series E Warrant” means the Warrant to purchase shares of Series E Preferred Stock initially issued to B III Capital Partners, L.P. pursuant to the Restructuring Agreement.

“Silicon Audited Financial Statements” means the audited consolidated balance sheets and related consolidated statements of income, retained earnings and cash flow, and the related notes thereto of Silicon for the years ended December 31, 1997, 1998 and 1999.

“Silicon Financial Statements” means the Silicon Audited Financial Statements and the Silicon Interim Financial Statements.

“Silicon Interim Financial Statements” means the unaudited balance sheet, and the related unaudited statements of income, retained earnings and cash flows of Silicon for the nine-month period ended September 30, 2000.

“Silicon Latest Balance Sheet” means the latest balance sheet of Silicon included in the Silicon Interim Financial Statements.

“Silicon Long-Term Debt” means Silicon’s long-term debt (excluding current portions thereof) and any payments on employment contracts and non-competition agreements to which Silicon (or a predecessor in interest of Silicon) is a party, including, without limitation, contingent severance obligations.

“Silicon Stockholders Meeting” means the special meeting of the Silicon stockholders for the purpose of approving this Agreement.

“Stock Options” means all options to purchase Silicon Common Stock, including, without limitation, options issued pursuant to The Silicon Gaming, Inc. 1999 Long Term Compensation Plan, The Silicon Gaming, Inc. Amended and Restated 1994 Stock Option Plan, and the Silicon Gaming, Inc. 1997 Nonstatutory Stock Option Plan.

“Stockholders Agreement” has the meaning ascribed to it in Section 6.2(g).

“Subsidiaries” means corporations, partnerships, joint ventures, associations, trusts, unincorporated organizations, limited liability companies or other entities, 50% or more of the outstanding voting securities or interests of which (or the right to select a majority of the Board of Directors or other governing body), or, if there are no such voting securities or interests, 50% or more of the equity interests of which, are directly or indirectly owned by Silicon, provided, that except as expressly identified herein, WagerWorks shall not be considered a Subsidiary for the purpose of this Agreement.

“Superior Proposal” has the meaning ascribed to it in Section 5.3(c).

“Surviving Corporation” has the meaning ascribed to it in Section 1.2.

“Taxes” means any federal, state, local or other taxes (including, without limitation, income, alternative minimum, franchise, property, sales, use, lease, excise, premium, payroll, wage, employment or withholding taxes), fees, duties, assessments, withholdings or governmental charges of any kind whatsoever (including interest, penalties and additions to tax).

“Transaction Costs” means, to the extent not included in the Pre-Closing Balance Sheet or otherwise deducted from the Aggregate Merger Consideration pursuant to Section 2.1(b), (i) all costs and expenses incurred by Silicon in furtherance of the Merger and any other transactions contemplated by this Agreement, including, but not limited to, accounting, legal, investment banker and financial advisor fees, fairness opinion fees and costs and costs and expense incurred for preparing, filing and delivering the Proxy Statement and holding the Silicon Stockholder

Meeting, (ii) all costs and expenses incurred by Silicon, including, but not limited to, accounting, legal, investment banker and financial advisor fees and fairness opinion fees related to the WagerWorks Disposition, (iii) all amounts paid or payable under any Retention Agreements, including, but not limited to, amounts disclosed on Schedule 5.9(h), (iv) one-half of the estimated amount of the costs of providing the insurance coverage required under Section 5.13(b) hereof, (v) any costs to obtain the insurance specified in paragraph (b) of Schedule 2 to the Preferred Stock Voting Agreement, assuming that B III makes an election for Silicon to obtain such insurance and (vi) the amounts set forth in paragraph (c) of Schedule 2 to the Preferred Stock Voting Agreement, in the event that B III elects to increase the maximum indemnification amount set forth therein.

“Voting Agreements” has the meaning ascribed to it in the Recitals.

“WagerWorks” means WagerWorks, Inc., a Delaware corporation.

“WagerWorks Disposition” means the disposition of Silicon’s equity interest in WagerWorks other than the WagerWorks Shares.

“WagerWorks Disposition Date” means the date the shares of WagerWorks owned by Silicon, other than the WagerWorks Shares, are disposed of.

“WagerWorks Shares” means the shares of common stock of WagerWorks owned by Silicon after the WagerWorks Disposition, and which, in the aggregate, equal 4.9% of the equity interest of WagerWorks, on a fully-diluted basis, on the date of this Agreement.

“WagerWorks Warrant” has the meaning ascribed to it in Section 6.2(e).

ARTICLE 9

MISCELLANEOUS

9.1 Notices. All notices under this Agreement must be in writing and will be deemed to have been given upon receipt of delivery by: (a) personal delivery to the designated individual; (b) certified or registered mail, postage prepaid, return receipt requested; (c) a nationally recognized overnight courier service (against a receipt therefore); or (d) facsimile transmission with confirmation of receipt. All such notices must be addressed as follows or to such other address as to which any party hereto may have notified the other in writing:

If to IGT, to:

International Gaming Technology
9205 Prototype Drive
Reno, Nevada 89511
Attn: Sara Beth Brown and J. Kenneth Creighton
Facsimile transmission no.: (775) 448-0120

With a copy to:

O'Melveny & Myers LLP
114 Pacifica, Suite 100
Irvine, California 92618
Attn: J. Jay Herron
Facsimile transmission no.: (949) 737-2300

If to Silicon, to:

Silicon Gaming, Inc.
3800 West Bayshore Road
Palo Alto, California 95203
Attn: Andrew S. Pascal
Facsimile transmission no.: (650) 842-9001

With a copy to:

Squire, Sanders & Dempsey L.L.P.
40 North Central Ave.,
Suite 2700
Phoenix, AZ 85044
Attn: Joseph M. Crabb
Facsimile transmission no.: (602) 253-8129

9.2 Headings; Gender. When a reference is made in this Agreement to a section, exhibit or schedule, such reference will be to a section, exhibit or schedule of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement. All personal pronouns used in this Agreement will include the other genders, whether used in the masculine, feminine or neuter gender, and the singular will include the plural and vice versa, whenever and as often as may be appropriate.

9.3 Entire Agreement; No Third Party Beneficiaries. This Agreement (including the documents, exhibits and instruments referred to herein) (a) constitutes the entire agreement and supersedes all prior agreements, and understandings and communications, both written and oral, among the parties with respect to the subject matter hereof, including the Letter Agreement, and (b) is not intended to confer upon any person other than the parties to this Agreement any rights or remedies under this Agreement.

9.4 Governing Law. This Agreement will be governed and construed in accordance with the laws of the State of Nevada without regard to any applicable principles of conflicts of law. Each party to this Agreement hereby irrevocably (a) submits (to the fullest extent permitted by applicable law) to the jurisdiction of any Nevada state or federal court sitting in the Nevada, over any action or proceeding arising out of or relating to this Agreement and (b) waives, to the fullest extent permitted by law, any objection each may now or hereafter have, to the laying of venue in any such action or proceeding in any such court as well as any right each may now or hereafter

have, to remove any such action or proceeding, once commenced, to another court on the grounds of *forum non conveniens* or otherwise.

9.5 Assignment. Neither this Agreement nor any of the rights, interests or obligations under it will be assigned by any of the parties to this Agreement (whether by operation of law or otherwise) without the prior written consent of the other parties.

9.6 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by reason of any rule of law or public policy, all other conditions and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner to any party.

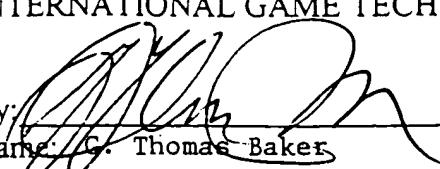
9.7 Counterparts. This Agreement may be executed in multiple counterparts, each of which will be deemed an original and all of which taken together will constitute one and the same document.

9.8 Amendment. This Agreement may only be amended by an instrument in writing signed by each of the parties to this Agreement.

IN WITNESS WHEREOF, the parties to this Agreement have caused it to be signed by their respective duly authorized officers as of the date first above written.

INTERNATIONAL GAME TECHNOLOGY

By: _____
Name: G. Thomas Baker
Title: CEO



INTERNATIONAL GAME ACQUISITION CORPORATION

By: _____
Name: Sarah Beth Brown
Title: President



SILICON GAMING, INC.

By: _____
Name: Andrew S. Pascal
Title: Chairman of the Board, Chief Executive Officer and President

IN WITNESS WHEREOF, the parties to this Agreement have caused it to be signed by their respective duly authorized officers as of the date first above written.

INTERNATIONAL GAME TECHNOLOGY

By: _____

Name:

Title:

INTERNATIONAL GAME ACQUISITION CORPORATION

By: _____

Name: Sarah Beth Brown

Title: President

SILICON GAMING, INC.

By: Jillian

Name: Andrew S. Pascal

Title: Chairman of the Board, Chief Executive Officer

genit plus addit.



Disclosure Schedules*
to the Agreement and Plan of Merger
by and between
Silicon Gaming, Inc.
And
International Game Technology

RECEIVED

SEP 21 2001

TECHNOLOGY CENTER R3700

Dated as of December 19, 2000

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* Capitalized terms used herein and not otherwise defined shall have the same meanings accorded them in the Agreement.

Schedule 3.1

Silicon Gaming, Inc., a California corporation ("SGI") Andrew S. Pascal, President, CEO & Director Stanford Springel, Outside Director Robert S. Reis, Outside Director	
Silicon Gaming-Nevada, a Nevada corporation Owned 100% by SGI Andrew S. Pascal, President Paul D. Mathews, Vice President/Secretary 1,000 Authorized Shares – No par value	Silicon Gaming-Mississippi, Inc., a Mississippi corporation Owned 100% by SGI Andrew S. Pascal, President/Sole Director 1,000,000 Authorized Shares – No par value
Silicon Gaming-Colorado, Inc., a Colorado corporation Owned 100% by SGI Andrew S. Pascal, President/Sole Director 10,000 Authorized Shares – No par value	Silicon Gaming-Missouri, Inc., a Missouri corporation Owned 100% by SGI Andrew S. Pascal, President/Sole Director 30,000 Authorized Shares – No par value
Silicon Gaming-New Jersey, Inc., a New Jersey corporation Owned 100% by SGI Andrew S. Pascal, President/Sole Director 1,000 Authorized Shares – No par value	Silicon Gaming-Indiana, Inc., a Nevada corporation Owned 100% by SGI Andrew S. Pascal, President/Sole Director 1,000 Authorized Shares – No par value
Silicon Gaming-Illinois, Inc., a Nevada corporation Owned 100% by SGI Andrew S. Pascal, President/Sole Director 1,000 Authorized Shares – No par value	Silicon Gaming-Louisiana, Inc., a Nevada corporation Owned 100% by SGI Andrew S. Pascal, President/Sole Director 1,000 Authorized Shares – No par value
Silicon Gaming-Iowa, Inc., a Nevada corporation Owned 100% by SGI Andrew S. Pascal, President/Sole Director 1,000 Authorized Shares – No par value	Silicon Gaming-New Mexico, Inc., a Nevada corporation Owned 100% by SGI Andrew S. Pascal, President/Sole Director 1,000 Authorized Shares – No par value
Silicon Gaming-Kansas, Inc., a Nevada corporation Owned 100% by SGI Andrew S. Pascal, President/Sole Director 1,000 Authorized Shares – No par value	Silicon Gaming-Michigan, a Nevada corporation Owned 100% by SGI Andrew S. Pascal, President/Sole Director 1,000 Authorized Shares – No par value
Silicon Gaming-Minnesota, Inc., a Minnesota corporation Owned 100% by SGI Andrew S. Pascal, President/Sole Director 1,000 Authorized Shares – No par value	Silicon Gaming-California, Inc., a Nevada corporation Owned 100% by SGI Andrew S. Pascal, President Paul D. Mathews, Vice President/Secretary 1,000 Authorized Shares – No par value
Silicon Gaming-Arizona, Inc., a Nevada corporation Owned 100% by SGI Andrew S. Pascal, President Paul D. Mathews, Vice President/Secretary 1,000 Authorized Shares – No par value	u.Bet.com, a Delaware corporation Owned 58% by SGI Andrew S. Pascal, President Paul D. Mathews-Vice President/Secretary 10,000 Authorized Shares – No par value

Schedule 3.2(e)
Warrants

Warrant Holder	Grant Date	Exercise Price	Vesting Schedule	Vested Options to Date	Amount Due to Option Holder at Closing
Donaldson, Lufkin & Jenrette	3/21/96	7.50/share	Immediately upon presentment of warrant certificate	50,000	0*
Donaldson, Lufkin & Jenrette	3/21/96	7.50/share	Immediately upon presentment of warrant certificate	125,000	0*
Deutsche Morgan Grenfell	8/5/96	0.62/share	8/5/97	44,445	0*
Montgomery Securities	8/5/96	0.62/share	8/5/97	44,444	0*
Bear Stearns & Co.	8/5/96	0.62/share	8/5/97	44,444	0*
Oppenheimer &Co	8/5/96	0.62/share	8/5/97	44,444	0*
DDJ Capital	9/30/97	0.5626/share	3/30/98	375,000	0*
DDJ Capital	7/8/98	0.5626/share	1/8/99	250,000	0*
DDJ Capital	11/24/99	0.01/share	N/A	60,807.731 shares of Series E Preferred Stock, which is convertible into 60,807,731 shares of common stock	0**
Public Stockholders (Old Equity)	6/30/00	0.1528/share	N/A	11,585,475 shares of Series E Preferred Stock, which is convertible into 41,668,551 shares of common stock	0**

* Assuming the per-share merger consideration is less than the exercise price and the warrants are not exercised.

** The Series E Warrant is exercisable if, and to the extent, that Exchange Warrants are actually exercised. The Exchange Warrants are exercisable in the event of an Extraordinary Transaction, and terminate if parties to the Extraordinary Transaction do not provide for their exercise subsequent to the consummation of the Extraordinary Transaction. The Exchange Warrants are exercisable for \$0.1528 per share.

Schedule 3.2(e)

Options

Option holder Last Name	Option Holder First Name	Option Date	Original Exercise Price	Anticipated Exercise Price	Vesting Sched ule	Options Vested & Presently Exercisable	Options Vesting on Change of Control	Amour Due to Option Holder Closin;
Anderson	Gary	02/07/00	0.0075	0.00	L	2,435	7,694	*
Ayala	Pedro	02/07/00	0.0075	0.00	L	2,435	7,694	*
Baldonado	Lenore	02/07/00	0.0075	0.00	L	21,928	69,248	*
Bangham	Lewis	02/07/00	0.0075	0.00	L	579,123	1,893,549	*
Barlow	Loretta	02/07/00	0.0075	0.00	L	25,339	80,020	*
Beech	Roland	02/07/00	0.0075	0.00	L	146,189	461,652	*
Berg	Charles	02/07/00	0.0075	0.00	L	968,250	3,057,634	*
Bishop	Paul	02/07/00	0.0075	0.00	L	33,866	106,949	*
Bolich	Katie	02/07/00	0.0075	0.00	L	681,187	2,248,225	*
Bolich	Katie	07/03/00	0.3400	0.00	N		764,408	*
Burney	Deborah	02/07/00	0.0075	0.00	L	194,919	615,536	*
Burney	Deborah	07/03/00	0.3400	0.00	N		205,179	*
Byers	Daniel	02/07/00	0.0075	0.00	L	0	119,351	*
Calkins	Chris	09/01/00	0.3750	0.00	N		2,000	*
Campbell	Joel	02/07/00	0.0075	0.00	L	3,270	137,342	*
Caputo	Scott	02/07/00	0.0075	0.00	L	157,863	541,676	*
Caputo	Scott	07/03/00	0.3400	0.00	N		187,225	*
Carlson	Tom	06/01/00	0.0750	0.00	N		5,656,773	*
Comejo- Gutierrez	Lorena	02/07/00	0.0075	0.00	L	2,435	7,694	*
Cross	Eric	02/07/00	0.0075	0.00	L	1,538	64,631	*
Dentice	Scott	02/07/00	0.0075	0.00	L	26,049	125,420	*
Diaz	Delia	09/01/00	0.3750	0.00	N		2,000	*
Dockery	Robert	02/07/00	0.0075	0.00	L	2,435	7,694	*
Edwards	Michael	04/10/00	0.3750	0.00	N		6,000	*
Everett	Christopher	02/07/00	0.0075	0.00	L	9,745	30,777	*
Fields	Michael	02/07/00	0.0075	0.00	L	1,210,312	3,822,042	*
Finnegan	James	07/25/00	0.3281	0.00	N		100,000	*
Fleming	Mathew	09/25/00	0.1875	0.00	N		8,500	*

Option holder Last Name	Option Holder First Name	Option Date	Original Exercise Price	Anticipated Exercise Price	Vesting Schedule	Options Vested & Presently Exercisable	Options Vesting on Change of Control	Amour Due to Option Holder Closing
Flick	James David	02/07/00	0.0075	0.00	L	414,203	1,308,013	*
Flick	James David	07/03/00	0.3400	0.00	N		436,004	*
Garcia	Jaime	04/03/00	0.3438	0.00	N		3,000	*
Gauglitz	Wolfram	02/07/00	0.0075	0.0075	L	1,070,171	1,070,171	*
Gomez	Armando	08/07/00	0.4531	0.00	N		6,000	*
Gotshall	Laurie	02/07/00	0.0075	0.00	L	3,847	161,579	*
Grevelis	Theodore	02/07/00	0.0075	0.00	L	24,364	76,942	*
Grevelis	Theodore	07/12/00	0.3438	0.00	N		1,000	*
Guinn	Shawn	09/01/00	0.3750	0.00	N		2,000	*
Hall	Susan	07/20/00	0.3438	0.00	N		7,000	*
Hammons	Mary	02/07/00	0.0075	0.00	L	21,075	66,555	*
Hart	Ross	05/01/00	0.3750	0.00	N		6,000	*
Hartline	Pamela	02/07/00	0.0075	0.00	L	21,928	69,248	*
Hickson	Kendall	05/01/00	0.3750	0.00	N		75,000	*
Honomichl	Melissa	09/25/00	0.1875	0.00	N		5,000	*
Jensen	Keith	05/22/00	0.3438	0.00	N		8,000	*
Kabala	Daniel	02/07/00	0.0075	0.0075	L	53,858	53,858	*
Kay	Michael	02/07/00	0.0075	0.00	L	9,745	30,777	*
Kochey	Christoper	02/07/00	0.0075	0.00	L	127,672	403,176	*
Koenig	Nicholas	02/07/00	0.0075	0.00	L	626,187	2,957,674	*
Koenig	Nicholas	09/01/00	0.0750	0.00	N		764,408	*
Kohldorfer	Sharon	02/07/00	0.0075	0.00	L	1,155	48,475	*
Kulmars	Peter	02/07/00	0.0075	0.00	L	53,602	169,272	*
Lemieux	Donna	02/07/00	0.0075	0.00	L		199,267	*
Limon	Phillip	09/01/00	0.3750	0.00	N		2,000	*
Lizana	Kevin	02/07/00	0.0075	0.00	L	3,654	11,541	*
Love	Christopher	02/07/00	0.0075	0.00	L	9,745	30,777	*
Luciani	Mark	02/07/00	0.0075	0.00	L	24,364	76,942	*
Mak	Frances	02/07/00	0.0075	0.00	L	92,799	357,788	*
Mak	Frances	09/06/00	0.2500	0.00	N		387,788	*
Margrave	Lisa	02/07/00	0.0075	0.00	L	33,866	106,949	*

Option holder Last Name	Option Holder First Name	Option Date	Original Exercise Price	Anticipated Exercise Price	Vesting Schedule	Options Vested & Presently Exercisable	Options Vesting on Change of Control	Amount Due to Option Holder Closing
Marimberga	Salvatore	09/01/00	0.3750	0.00	N		2,000	*
Marsden	Kenneth	02/07/00	0.0075	0.00	L	3,094	160,826	*
Martin	Yvonne	02/07/00	0.0075	0.00	L	1,026	43,089	*
McConiga	Richard	02/07/00	0.0075	0.00	L	24,570	276,415	*
Miltenberger	Paul	02/07/00	0.0075	0.00	L	1,694,438	5,350,859	*
Mondidu	Peter	02/07/00	0.0075	0.00	L	2,435	7,694	*
Moses	Karen	02/07/00	0.0075	0.00	L	47,267	149,267	*
Muma	Richard	02/07/00	0.0075	0.00	L	95,666	405,000	*
Palladino	Chris	04/12/00	0.3750	0.00	N		50,000	*
Parker	Paul	02/07/00	0.0075	0.00	L	569,123	1,883,549	*
Parker	Paul	07/03/00	0.3400	0.00	N		641,183	*
Parracho	Anna Sheila	02/07/00	0.0075	0.00	L	34,110	107,719	*
Pascal	Andrew	02/07/00	0.0075	0.00	L	4,782,777	15,103,509	*
Paul	Roland	02/07/00	0.0075	0.00	L	60,658	213,132	*
Peterson	Edward	02/07/00	0.0075	0.00	L	3,898	12,311	*
Phommasith	Virakone	02/07/00	0.0075	0.00	L	55,307	174,658	*
Reid	Carl	02/07/00	0.0075	0.00	L	100,671	318,540	*
Reis	Robert	02/07/00	0.0075	0.00	L	1,936,501	6,115,268	*
Rivera	David	02/07/00	0.0075	0.00	L	146,189	461,652	*
Samways	Keith	02/07/00	0.0075	0.00	L	3,654	11,541	*
Saunders	Brian	02/07/00	0.0075	0.00	L	487,298	1,538,839	*
Schmitz	Julie	02/07/00	0.0075	0.00	L	146,189	461,652	*
Schmitz	Julie	07/03/00	0.3400	0.00	N		153,884	*
Schwarz	Douglas	02/07/00	0.0075	0.00	L	218,345	797,408	*
Schwarz	Douglas	07/03/00	0.3400	0.00	N		282,469	*
Schwarz	Douglas	09/06/00	0.2500	0.00	N		847,408	*
Springel	Stanford	02/07/00	0.0075	0.00	L	968,250	3,057,634	*
St. John	Linda	02/07/00	0.0075	0.00	L	78,890	357,023	*
Stewart	Danny	02/07/00	0.0075	0.00	L	155,038	489,597	*
Stewart	Danny	07/03/00	0.3400	0.00	N		163,199	*
Stuhr	Greg	02/07/00	0.0075	0.0075	L	21,543	21,543	*

Option holder Last Name	Option Holder First Name	Option Date	Original Exercise Price	Anticipated Exercise Price	Vesting Schedule	Options Vested & Presently Exercisable	Options Vesting on Change of Control	Amour Due to Option Holder Closing
Sutter	Betsy	02/07/00	0.0075	0.00	L	1,135,312	3,747,042	*
Talley	Robert Scott	02/07/00	0.0075	0.00	L	21,928	69,248	*
Talley	Robert Scott	03/06/00	0.3125	0.00	N		1,000	*
Therrien	James	02/07/00	0.0075	0.0075	L	26,390	26,390	*
Tien	Joseph	02/07/00	0.0075	0.00	L	414,203	1,308,013	*
Valsamis	Peter	02/07/00	0.0075	0.0075	L	24,364	76,942	*
Villarosa	Hermelo	02/07/00	0.0075	0.00	L	38,739	122,338	*
Waldron	Jamie	02/07/00	0.0075	0.00	L	24,364	76,942	*
Wentworth	Alan	02/07/00	0.0075	0.00	L	24,364	76,942	*
Wilson	Jeffrey	09/05/00	0.2656	0.00	N		50,000	*
Archuleta	John	02/07/00	0.0075	0.0075	L	199,835	199,835	*
Bontempo	David	02/07/00	0.0075	0.0075	L	137,818	137,818	*
Leland	Nathan	02/07/00	0.0075	0.0075	L	387,827	387,827	*
Payne	F. Tony	02/07/00	0.0075	0.0075	L	612,187	612,187	*
TOTALS						21,345,821	75,790,509	*

Vesting Schedule Key

L= legacy vesting: 20% vests on grant, 80% vests monthly over following 48 months, 100% vests on "change of control."
 S= new vesting: 25% vests after 1 year, 75% vests monthly starting with the 13th month following the grant through the 48th month following the grant, 100% vests on "change of control."

* We anticipate that the total proceeds to be distributed to the Option holders listed above (including proceeds to two holders of an aggregate of 15,657,490 shares of restricted stock), at closing of the merger will be between approximately \$7,480,000 and \$8,650,000 (based on an estimated range of proceeds per share of \$0.0825 to \$0.095, excluding aggregate proceeds from the disposition of WagerWorks, if any).

Schedule 3.2(e)
Original Stock Options

Option holder Last Name	Option Holder First Name	Option Date	Original Exercise Price	Anticipated Exercise Price	Vesting Schedule	Options Vested & Presently Exercisable	Options Vesting on Change of Control	Amount Due Option Holder Closing
Canepa	Madeline	4/27/95	.105	.105	1994 SOP	11,112	0	0*
Miltenberger	Paul	4/1/96	1.50	1.50	1994 SOP	16,666	0	0*
Schaeffer	Glenn	4/30/96	1.50	1.50	1994 SOP	33,333	0	0*
Acres	John	5/30/96	4.50	4.50	1994 SOP	6,666	0	0*
Film Artists	Associates	5/20/97	11.75	11.75	1994 SOP	100	0	0*
Kaiser	Brian	5/20/97	11.75	11.75	1994 SOP	1,000	0	0*
Parker	Paul	9/2/98	3.50	3.50	1994 SOP	3,000	0	0*
Beech	Roland	9/1/98	3.75	3.75	1994 SOP	1,687	0	0*
Archuleta	Kristi	9/11/98	4.00	4.00	1994 SOP	2,000	0	0*
Burney	Deborah	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
Byers	Daniel	9/11/98	4.00	4.00	1994 SOP	400	0	0*
Coleman	Kevin	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
Alvarez	Brian	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
Bangham	Lewis	9/11/98	4.00	4.00	1994 SOP	2,333	0	0*
Barlow	Loretta	9/11/98	4.00	4.00	1994 SOP	291	0	0*
Bishop	Paul	9/11/98	4.00	4.00	1994 SOP	500	0	0*
Bolich	Katie	9/11/98	4.00	4.00	1994 SOP	4,000	0	0*
Parker	Paul	9/11/98	4.00	4.00	1994 SOP	3,000	0	0*
Saunders	Brian	9/11/98	4.00	4.00	1994 SOP	4,125	0	0*
Talley	Robert Scott	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
Bolich	Katie	9/11/98	4.00	4.00	1994 SOP	10,000	0	0*
Dentice	Scott	9/11/98	4.00	4.00	1994 SOP	2,000	0	0*
Flick	James David	9/11/98	4.00	4.00	1994 SOP	2,000	0	0*
Hammons	Mary	9/11/98	4.00	4.00	1994 SOP	500	0	0*
Kochey	Chris	9/11/98	4.00	4.00	1994 SOP	2,000	0	0*
Lemieux	Donna	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
Mak	Frances	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
McConiga	Richard	9/11/98	4.00	4.00	1994 SOP	1,500	0	0*
Moses	Karen	9/11/98	4.00	4.00	1994 SOP	500	0	0*

Option holder Last Name	Option Holder First Name	Option Date	Original Exercise Price	Anticipated Exercise Price	Vesting Schedule	Options Vested & Presently Exercisable	Options Vesting on Change of Control	Amount Due Option Holder Closing
Phommasith	Virakone	9/11/98	4.00	4.00	1994 SOP	400	0	0*
Reid	Carl	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
Margraave	Lisa	9/11/98	4.00	4.00	1994 SOP	583	0	0*
Miltenberger	Paul	9/11/98	4.00	4.00	1994 SOP	5,000	0	0*
Schmitz	Julie	9/11/98	4.00	4.00	1994 SOP	2,000	0	0*
St. John	Linda	9/11/98	4.00	4.00	1994 SOP	250	0	0*
Stewart	Danny	9/11/98	4.00	4.00	1994 SOP	5,000	0	0*
Sutter	Betsy	9/11/98	4.00	4.00	1994 SOP	50,000	0	0*
Villarosa	Hermelo	9/11/98	4.00	4.00	1994 SOP	1,500	0	0*
Schwarz	Douglas	9/11/98	4.00	4.00	1994 SOP	1,500	0	0*
Therrien	James	9/11/98	4.00	4.00	1994 SOP	112	0	0*
Tien	Joseph	9/11/98	4.00	4.00	1994 SOP	2,000	0	0*
Caputo	Scott	9/11/98	4.00	4.00	1994 SOP	3,333	0	0*
Campbell	Joel	9/11/98	4.00	4.00	1994 SOP	4,000	0	0*
Gotshall	Laurie	9/11/98	4.00	4.00	1994 SOP	2,000	0	0*
Paul	Roland	9/11/98	4.00	4.00	1994 SOP	2,833	0	0*
Archultea	Kristi	9/11/98	4.00	4.00	1994 SOP	3,000	0	0*
Alvarez	Brian	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Alvarez	Brian	9/11/98	4.00	4.00	1994 SOP	1,500	0	0*
Archuleta	Kristi	9/11/98	4.00	4.00	1994 SOP	683	0	0*
Archuleta	Kristi	9/11/98	4.000	4.00	1994 SOP	200	0	0*
Archuleta	Kristi	9/11/98	4.00	4.00	1994 SOP	250	0	0*
Bangham	Lewis	9/11/98	4.00	4.00	1994 SOP	3,500	0	0*
Barlow	Loretta	9/11/98	4.00	4.00	1994 SOP	812	0	0*
Barlow	Loretta	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Bishop	Paul	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
Bolich	Katie	9/11/98	4.00	4.00	1994 SOP	250	0	0*
Bolich	Katie	9/11/98	4.00	4.00	1994 SOP	2,732	0	0*
Bolich	Katie	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Bangham	Lewis	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Bangham	Lewis	9/11/98	4.00	4.00	1994 SOP	250	0	0*

Option holder Last Name	Option Holder First Name	Option Date	Original Exercise Price	Anticipated Exercise Price	Vesting Schedule	Options Vested & Presently Exercisable	Options Vesting on Change of Control	Amount Due Option Holder Closing
Bishop	Paul	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Burney	Deborah	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Burney	Deborah	9/11/98	4.00	4.00	1994 SOP	1,738	0	0*
Burney	Deborah	9/11/98	4.00	4.00	1994 SOP	250	0	0*
Byers	Daniel	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
Byers	Daniel	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
Byers	Daniel	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Coleman	Kevin	9/11/98	4.00	4.00	1994 SOP	3,000	0	0*
Coleman	Kevin	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Dentice	Scott	9/11/98	4.00	4.00	1994 SOP	2,000	0	0*
Dentice	Scott	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Flick	James David	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Flick	James David	9/11/98	4.00	4.00	1994 SOP	7,500	0	0*
Hammons	Mary	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
Hammons	Mary	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Kochey	Chirs	9/11/98	4.00	4.00	1994 SOP	3,000	0	0*
Kochey	Chris	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Lemieux	Donna	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Lemieux	Donna	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
Mak	Frances	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Mak	Frances	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
Mak	Frances	9/11/98	4.00	4.00	1994 SOP	2,000	0	0*
Margrave	Lisa	9/11/98	4.00	4.00	1994 SOP	854	0	0*
Margrave	Lisa	9/11/98	4.00	4.00	1994 SOP	200	0	0*
McConiga	Richard	9/11/98	4.00	4.00	1994 SOP	250	0	0*
McConiga	Richard	9/11/98	4.00	4.00	1994 SOP	200	0	0*
McConiga	Richard	9/11/98	4.00	4.00	1994 SOP	2,000	0	0*
Mathews	Paul	9/11/98	4.00	4.00	1994 SOP	30,092	0	0*
Mathews	Paul	9/11/98	4.00	4.00	1994 SOP	9,908	0	0*
Miltenberger	Paul	9/11/98	4.00	4.00	1994 SOP	6,147	0	0*
Miltenberger	Paul	9/11/98	4.00	4.00	1994 SOP	1,759	0	0*

Option holder Last Name	Option Holder First Name	Option Date	Original Exercise Price	Anticipated Exercise Price	Vesting Schedule	Options Vested & Presently Exercisable	Options Vesting on Change of Control	Amount Due Option Holder Closing
Miltenberger	Paul	9/11/98	4.00	4.00	1994 SOP	1,241	0	0*
Miltenberger	Paul	9/11/98	4.00	4.00	1994 SOP	250	0	0*
Miltenberger	Paul	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Moses	Karen	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Parker	Paul	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Parker	Paul	9/11/98	4.00	4.00	1994 SOP	4,780	0	0*
Moses	Karen	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
Moses	Karen	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
Parker	Paul	9/11/98	4.00	4.00	1994 SOP	4,220	0	0*
Phommasith	Virakone	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
Phommasith	Virakone	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
Phommasith	Virakone	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Reid	Carl	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Reid	Carl	9/11/98	4.00	4.00	1994 SOP	2,000	0	0*
Schmitz	Julie	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Schmitz	Julie	9/11/98	4.00	4.00	1994 SOP	250	0	0*
Schwarz	Douglas	9/11/98	4.00	4.00	1994 SOP	250	0	0*
Schwarz	Douglas	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Schwarz	Douglas	9/11/98	4.00	4.00	1994 SOP	1,118	0	0*
Stewart	Danny	9/11/98	4.00	4.00	1994 SOP	250	0	0*
Stewart	Danny	9/11/98	4.00	4.00	1994 SOP	1,366	0	0*
Stewart	Danny	9/11/98	4.00	4.00	1994 SOP	2,000	0	0*
Schmitz	Julie	9/11/98	4.00	4.00	1994 SOP	559	0	0*
St. John	Linda	9/11/98	4.00	4.00	1994 SOP	200	0	0*
St. John	Linda	9/11/98	4.00	4.00	1994 SOP	5,000	0	0*
Stewart	Danny	9/11/98	4.00	4.00	1994 SOP	3,000	0	0*
Stewart	Danny	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Therrien	James	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Tien	Joseph	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Tien	Joseph	9/11/98	4.00	4.00	1994 SOP	7,000	0	0*
Sutter	Betsy	9/11/98	4.00	4.00	1994 SOP	25,000	0	0*

Option holder Last Name	Option Holder First Name	Option Date	Original Exercise Price	Anticipated Exercise Price	Vesting Schedule	Options Vested & Presently Exercisable	Options Vesting on Change of Control	Amount Due Option Holder Closing
Sutter	Betsy	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Therrien	James	9/11/98	4.00	4.00	1994 SOP	770	0	0*
Villarosa	Hermelo	9/11/98	4.00	4.00	1994 SOP	200	0	0*
Pascal	Andrew	9/11/98	4.00	4.00	1994 SOP	50,620	0	0*
Schmitz	Julie	9/11/98	4.00	4.00	1994 SOP	500	0	0*
Villarosa	Hermelo	9/11/98	4.00	4.00	1994 SOP	1,000	0	0*
Pascal	Andrew	9/11/98	4.00	4.00	1994 SOP	49,380	0	0*
Mathews	Paul	9/11/98	4.00	4.00	1994 SOP	16,666	0	0*
Pascal	Andrew	9/11/98	4.00	4.00	1994 SOP	30,000	0	0*
Hartline	Pamela	11/3/98	2.47	2.47	1994 SOP	1,000	0	0*
Kohlendorfer	Sharon	11/3/98	2.47	2.47	1994 SOP	520	0	0*
Bolick	Katie	12/1/98	1.88	1.88	1994 SOP	10,000	0	0*
Miltenberger	Paul	12/1/98	1.88	1.88	1994 SOP	43,737	0	0*
Bolich	Katie	12/1/98	1.88	1.88	1994 SOP	10,000	0	0*
Tien	Joseph	12/1/98	1.88	1.88	1994 SOP	5,000	0	0*
Stewart	Danny	12/1/98	1.88	1.88	1994 SOP	2,500	0	0*
McConiga	Richard	12/1/98	1.88	1.88	1994 SOP	2,500	0	0*
Beech	Roland	12/1/98	1.88	1.88	1994 SOP	1,250	0	0*
Lemieux	Donna	12/1/98	1.88	1.88	1994 SOP	1,250	0	0*
Bangham	Lewis	12/1/98	1.88	1.88	1994 SOP	2,500	0	0*
Parker	Paul	12/1/98	1.88	1.88	1994 SOP	5,000	0	0*
Archuleta	Kristi	12/1/98	1.88	1.88	1994 SOP	2,500	0	0*
Gotshall	Laurie	12/1/98	1.88	1.88	1994 SOP	2,500	0	0*
Margrave	Lisa	12/1/98	1.88	1.88	1994 SOP	624	0	0*
Kulmars	Peter	12/21/98	1.50	1.50	1994 SOP	500	0	0*
Martin	Yvonne	1/25/99	1.56	1.56	1994 SOP	500	0	0*
Mathews	Paul	3/9/99	.75	.75	1994 SOP	50,000	0	0*
Pascal	Andrew	3/9/99	.75	.75	1994 SOP	200,000	0	0*
Sutter	Betsy	3/9/99	.75	.75	1994 SOP	50,000	0	0*
Archuleta	Kristi	3/12/99	.5	.5	1994 SOP	21,000	0	0*
Alvarez	Brian	3/12/99	.5	.5	1994 SOP	10,500	0	0*

Option holder Last Name	Option Holder First Name	Option Date	Original Exercise Price	Anticipated Exercise Price	Vesting Schedule	Options Vested & Presently Exercisable	Options Vesting on Change of Control	Amount Due Option Holder Closing
Beech	Roland	3/12/99	.5	.5	1994 SOP	16,333	0	0*
Bishop	Paul	3/12/99	.5	.5	1994 SOP	5,250	0	0*
Bolich	Katie	3/12/99	.5	.5	1994 SOP	52,500	0	0*
Burney	Deborah	3/12/99	.5	.5	1994 SOP	21,000	0	0*
Byers	Daniel	3/12/99	.5	.5	1994 SOP	8,750	0	0*
Campbell	Joel	3/12/99	.5	.5	1994 SOP	8,750	0	0*
Flick	James David	3/12/99	.5	.5	1994 SOP	42,000	0	0*
Hartline	Pamela	3/12/99	.5	.5	1994 SOP	3,500	0	0*
Kulmars	Peter	3/12/99	.5	.5	1994 SOP	10,500	0	0*
Bangham	Lewis	3/12/99	.5	.5	1994 SOP	33,333	0	0*
Barlow	Loretta	3/12/99	.5	.5	1994 SOP	2,333	0	0*
Caputo	Scott	3/12/99	.5	.5	1994 SOP	21,000	0	0*
Coleman	Kevin	3/12/99	.5	.5	1994 SOP	21,000	0	0*
Dentice	Scott	3/12/99	.5	.5	1994 SOP	5,250	0	0*
Gotshall	Laurie	3/12/99	.5	.5	1994 SOP	10,500	0	0*
Kochey	Chris	3/12/99	.5	.5	1994 SOP	21,000	0	0*
Kohldorfer	Sharon	3/12/99	.5	.5	1994 SOP	2,333	0	0*
Lemieux	Donna	3/12/99	.5	.5	1994 SOP	10,500	0	0*
Mak	Frances	3/12/99	.5	.5	1994 SOP	21,000	0	0*
Margrave	Lisa	3/12/99	.5	.5	1994 SOP	2,333	0	0*
Moses	Karen	3/12/99	.5	.5	1994 SOP	7,000	0	0*
Paul	Roland	3/12/99	.5	.5	1994 SOP	7,000	0	0*
Phommasith	Virakone	3/12/99	.5	.5	1994 SOP	8,750	0	0*
Martin	Yvonne	3/12/99	.5	.5	1994 SOP	3,500	0	0*
McConiga	Richard	3/12/99	.5	.5	1994 SOP	17,500	0	0*
Parker	Paul	3/12/99	.5	.5	1994 SOP	50,000	0	0*
Reid	Carl	3/12/99	.5	.5	1994 SOP	17,500	0	0*
Saunders	Brian	3/12/99	.5	.5	1994 SOP	25,666	0	0*
Schmitz	Julie	3/12/99	.5	.5	1994 SOP	10,500	0	0*
Schwarz	Douglas	3/12/99	.5	.5	1994 SOP	42,000	0	0*
St. John	Linda	3/12/99	.5	.5	1994 SOP	21,000	0	0*

Option holder Last Name	Option Holder First Name	Option Date	Original Exercise Price	Anticipated Exercise Price	Vesting Schedule	Options Vested & Presently Exercisable	Options Vesting on Change of Control	Amount Due Option Holder Closing
Stewart	Danny	3/12/99	.5	.5	1994 SOP	17,500	0	0*
Hammons	Mary	3/12/99	.5	.5	1994 SOP	2,625	0	0*
Talley	Robert Scott	3/12/99	.5	.5	1994 SOP	3,500	0	0*
Therrien	James	3/12/99	.5	.5	1994 SOP	2,333	0	0*
Tien	Joseph	3/12/99	.5	.5	1994 SOP	42,000	0	0*
DiLorenzo	Michael	3/12/99	.5	.5	1994 SOP	112,000	0	0*
Spinale	John	3/12/99	.5	.5	1994 SOP	30,000	0	0*
Mathews	Paul	3/9/99	.75	.75	1994 SOP	100,000	0	0*
Pascal	Andrew	3/9/99	.75	.75	1994 SOP	100,000	0	0*
Miltenberger	Paul	3/9/99	.75	.75	1994 SOP	100,000	0	0*
Sutter	Betsy	3/9/99	.75	.75	1994 SOP	100,000	0	0*
Atherton	Darren	3/19/99	.45	.45	1994 SOP	500	0	0*
Barber	CoOle	3/19/99	.45	.45	1994 SOP	4,366	0	0*
Berns	Adam	3/19/99	.45	.45	1994 SOP	4,095	0	0*
Burchfield	Rodney	3/19/99	.45	.45	1994 SOP	354	0	0*
Villarosa	Hermelo	3/12/99	.5	.5	1994 SOP	5,250	0	0*
Abrea	Arlene	3/19/99	.45	.45	1994 SOP	643	0	0*
Ashford	Carlos	3/19/99	.45	.45	1994 SOP	835	0	0*
Campos	Jamie	3/19/99	.45	.45	1994 SOP	1,694	0	0*
Capio	Oliver	3/19/99	.45	.45	1994 SOP	2,000	0	0*
Casey	Brian	3/19/99	.45	.45	1994 SOP	1,458	0	0*
Chan	Brian	3/19/99	.45	.45	1994 SOP	166	0	0*
de la Fuente	George	3/19/99	.45	.45	1994 SOP	33,435	0	0*
Emerson	roberta	3/19/99	.45	.45	1994 SOP	666	0	0*
Fajardo	Jovita	3/19/99	.45	.45	1994 SOP	751	0	0*
Farmer	Melissa	3/19/99	.45	.45	1994 SOP	375	0	0*
Lewis	Mark	3/19/99	.45	.45	1994 SOP	11,156	0	0*
Lim	Robert	3/19/99	.45	.45	1994 SOP	1,261	0	0*
Lucas	Tonette	3/19/99	.45	.45	1994 SOP	1,125	0	0*
Medios	Claudia	3/19/99	.45	.45	1994 SOP	678	0	0*
Melius	Jeanette	3/19/99	.45	.45	1994 SOP	964	0	0*

Option holder Last Name	Option Holder First Name	Option Date	Original Exercise Price	Anticipated Exercise Price	Vesting Schedule	Options Vested & Presently Exercisable	Options Vesting on Change of Control	Amount Due Option Holder Closing
Pham	Philip	3/19/99	.45	.45	1994 SOP	4,917	0	0*
Pound	Malachi	3/19/99	.45	.45	1994 SOP	3,533	0	0*
Purser	Valerie	3/19/99	.45	.45	1994 SOP	500	0	0*
Schmidli	John	3/19/99	.45	.45	1994 SOP	12,165	0	0*
Simmons	Kristie	3/19/99	.45	.45	1994 SOP	1,397	0	0*
Smrt	Jacque	3/19/99	.45	.45	1994 SOP	2,782	0	0*
Spease	David	3/19/99	.45	.45	1994 SOP	603	0	0*
Suter	James	3/19/99	.45	.45	1994 SOP	585	0	0*
Talosig	Felix	3/19/99	.45	.45	1994 SOP	197	0	0*
Cheng	Derek	3/19/99	.45	.45	1994 SOP	2,366	0	0*
Cho	Nancy	3/19/99	.45	.45	1994 SOP	1,928	0	0*
Comer	Dennis	3/19/99	.45	.45	1994 SOP	677	0	0*
Cooper	Nwcilww	3/19/99	.45	.45	1994 SOP	26,227	0	0*
Fikes	Brian	3/19/99	.45	.45	1994 SOP	812	0	0*
Gill	Jim	3/19/99	.45	.45	1994 SOP	750	0	0*
Huacho	Rodolfo	3/19/99	.45	.45	1994 SOP	2,694	0	0*
LeFlore	Jeannie	3/19/99	.45	.45	1994 SOP	500	0	0*
Manaois	Florencio	3/19/99	.45	.45	1994 SOP	536	0	0*
Mason	Todd	3/19/99	.45	.45	1994 SOP	1,833	0	0*
Maung	Todd	3/19/99	.45	.45	1994 SOP	208	0	0*
McNamara	William	3/19/99	.45	.45	1994 SOP	1,324	0	0*
Taylor	Carl	3/19/99	.45	.45	1994 SOP	25,000	0	0*
Truong	Phong	3/19/99	.45	.45	1994 SOP	750	0	0*
Valdez	Domingo	3/19/99	.45	.45	1994 SOP	208	0	0*
Whitaker	Brent	3/19/99	.45	.45	1994 SOP	1,386	0	0*
Critchley	Spencer	4/16/99	.59	.59	1994 SOP	26,010	0	0*
Waldron	Jamie	4/19/99	.69	.69	1994 SOP	5,000	0	0*
Logia	John	4/30/99	.43	.43	1994 SOP	5,000	0	0*
Parrucho	Anne Sheila	4/30/99	.43	.43	1994 SOP	2,770	0	0*
Amores	Crispin	5/7/99	.64	.64	1994 SOP	581	0	0*
Bibat	Henry	5/7/99	.64	.64	1994 SOP	688	0	0*

Option holder Last Name	Option Holder First Name	Option Date	Original Exercise Price	Anticipated Exercise Price	Vesting Schedule	Options Vested & Presently Exercisable	Options Vesting on Change of Control	Amount Due Option Holder Closing
Han	Tom	5/7/99	.64	.64	1994 SOP	676	0	0*
McCloud	Cheryl	5/7/99	.64	.64	1994 SOP	750	0	0*
Sales	Filomena	5/7/99	.64	.64	1994 SOP	3,968	0	0*
Snellbacher	David	5/7/99	.64	.64	1994 SOP	4,165	0	0*
Wong	Jackson	5/7/99	.64	.64	1994 SOP	1,564	0	0*
Wong	Ong Pin	5/7/99	.64	.64	1994 SOP	229	0	0*
Yee	Kok	5/7/99	.64	.64	1994 SOP	818	0	0*
Peterson	Edward	5/17/99	.72	.72	1994 SOP	1,500	0	0*
Brown	Jack	5/28/99	.64	.64	1994 SOP	53,428	0	0*
Glennon	Gary	5/28/99	.64	.64	1994 SOP	5,376	0	0*
Pestana	Colleen	5/28/99	.64	.64	1994 SOP	875	0	0*
Schulz	Patrick	6/10/99	.63	.63	1994 SOP	6,000	0	0*
Baldonado	Lenore	6/1/99	.75	.75	1994 SOP	4,500	0	0*
TOTAL						2,355,387	0	0*

1994 SOP = 25% after 1 year, 75% vests monthly starting with the 13 month through the 48th month.

* Assuming the per-share merger consideration is less than the option exercise price and the options are not exercised.

Schedule 3.2(h)

1. Amended and Restated Warrant Agreement between the Company and BIII Capital Partners, L.P., by DDJ Capital III, LLC, dated July 8, 1998, with related Registration Rights Agreement, dated as of September 30, 1997, by and among the Company and the Purchasers (as defined therein).
2. Donaldson, Lufkin & Jenrette, Warrant to purchase Common Stock, dated March 20, 1996, with related Second Amended and Restated Rights Agreement, dated as of March 21, 1996, by and among the Company and the Purchasers (as defined therein).
3. Detusche Morgan Grenfell, Warrant to purchase Common Stock, dated March 20, 1996, with related Second Amended and Restated Rights Agreement, dated as of March 21, 1996, by and among the Company and the Purchasers (as defined therein).
4. Deutsch Morgan Grenfell/ C.J. Lawrence Inc., Warrant to purchase Common Stock, dated August 5, 1996, with related Second Amended and Restated Rights Agreement, dated as of March 21, 1996, by and among the Company and the Purchasers (as defined therein).
5. Montgomery Securities, Warrant to purchase Common Stock dated August 5, 1996, with related Second Amended and Restated Rights Agreement, dated as of March 21, 1996, by and among the Company and the Purchasers (as defined therein).
6. Bear, Stearns & Co., Inc., Warrant to purchase Common Stock dated August 5, 1996, with related Second Amended and Restated Rights Agreement, dated as of March 21, 1996, by and among the Company and the Purchasers (as defined therein).
7. Oppenheimer & Co., Inc., Warrant to purchase Common Stock dated August 5, 1996, with related Second Amended and Restated Rights Agreement, dated as of March 21, 1996, by and among the Company and the Purchasers (as defined therein).
8. Various securities of the Company may be granted under the 1999 Long Term Incentive Compensation Plan.
9. Stockholders Agreement between BIII Capital Partners, LP, and the Stockholders (as defined therein), dated November 24, 1999.
10. The Company may register the Common Stock underlying the Old Equity Warrants.

11. The Company may register the Common Stock underlying the Series D Preferred Stock.
12. The Company may register the Common Stock underlying the Series E Preferred Stock.
13. The Capital Stock of the Subsidiaries was pledged as security for the Company's obligations pursuant to the Securities Purchase Agreement, dated September 30, 1997, between Silicon Gaming, Inc. and BIII Capital Partners, L.P., as amended.
14. Intellectual Property Cross License Agreement between Silicon Gaming, Inc. and uBet.com, Inc., a Delaware corporation (a/k/a WagerWorks), effective as of April 4, 2000.
15. Software License Agreement between Silicon Gaming, Inc. and Duck Corporation, dated June 30, 1996.
16. Software License Agreement between Silicon Gaming, Inc. and Integrated Systems, Inc. (n/k/a Wind River), dated May 1, 1996.
17. Agreement between Microid Research (n/k/a Touchstone Software) and Silicon Gaming, Inc., dated February 27, 1996.
18. MGM Mirage Warrant to purchase 122,699 shares of uBet.com Series A Preferred Stock, dated August 21, 2000.
19. MGM Mirgage Warrant to purchase 368,098 shares of uBet.com Series A Preferred Stock, dated August 21, 2000.
20. Terms of uBet.com 2000 Stock Option Plan authorizes 3,435,580 shares of common stock.

Schedule 3.2 (j)

<u>Subsidiary:</u>	<u>Jurisdictions where qualified to do business</u>
1. Silicon Gaming-Nevada, Inc.:	State of Nevada.
2. Silicon Gaming-Colorado, Inc.:	State of Colorado
3. Silicon Gaming-New Jersey, Inc.:	State of New Jersey.
4. Silicon Gaming-Illinois, Inc.:	State of Illinois and State of Nevada.
5. Silicon Gaming-Iowa, Inc.:	State of Iowa and State of Nevada.
6. Silicon Gaming-Kansas, Inc.:	State of Nevada.
7. Silicon Gaming-Minnesota, Inc.:	State of Minnesota.
8. Silicon Gaming-Mississippi, Inc.:	State of Mississippi.
9. Silicon Gaming-Missouri, Inc.:	State of Missouri.
10. Silicon Gaming-Indiana, Inc.:	State of Nevada.
11. Silicon Gaming-Louisiana, Inc.:	State of Louisiana and State of Nevada.
12. Silicon Gaming-New Mexico, Inc.:	State of Nevada.
13. Silicon Gaming-Michigan, Inc.:	State of Michigan and State of Nevada.
14. Silicon Gaming-Arizona, Inc.:	State of Nevada.

See Schedule 3.1 for breakdown of ownership of subsidiaries.

Schedule 3.4

1. Consent required from DDJ Capital required pursuant to Stockholders Agreement, dated November 24, 1999, Series D Preferred Stock, Restructuring Agreement, Amended Notes Agreement and New Notes Agreement.
2. Consent required from Pentech Financial Services pursuant to that certain Equipment Financing Agreement #200131 between the Company and Pentech Financial Services, Inc., dated June, 1998.
3. Consent required from Pentech Financial Services pursuant to that certain Equipment Financing Agreement #200171 between the Company and Pentech Financial Services, Inc., dated September, 1998.
4. Consent required from MetLife Capital Corporation (n/k/a GE Capital) pursuant to that certain Loan and Security Agreement between the Company and MetLife Capital Corporation (n/k/a) GE Capital), dated March 23, 1998.
5. Consent required from Lighthouse Capital Partners, L.P. pursuant to that certain Master Equipment Lease Agreement between the Company and Lighthouse Capital Partners, L.P., dated October 6, 1995.
6. The Agreement is subject to necessary gaming jurisdictional approvals in Nevada, Colorado and Mississippi.

Schedule 3.6

1. 2800 West Bayshore Road, Palo Alto, CA 94303

Term: 10 years

Commencement Date: January 6, 1996

Square Footage: 27,700

Current Monthly Rent: \$37,118.00/mo.

Sublease agreement with Packetcom, Inc.

Sub-sublease agreement between Packetcom, Inc. and Ariba, Inc.

2. 6685 Amelia Earhart Court, Las Vegas, Nevada 89119

Term: 5 years

Commencement Date: February 15, 1998

Square Footage: 26,977

Current Monthly Rent: \$25,923.00/mo.

3. 6620 Escondido Ave., Las Vegas, Nevada 89119

Term: Month to Month with 30 days notice

Square Footage: 10,000

Current Monthly Rent: \$5,200.00/mo.

4. 280 Greg Street, Reno, Nevada 89502

Term: 5 years

Commencement Date: November 1, 1997

Square Footage: 4,393

Current Monthly Rent: \$4,895.00/mo.

5. 14231 Seaway Road, Building A, Unit 1, Gulfport, Mississippi 39503

Term: 2 years

Commencement Date: November 1, 1999

Current Monthly Rent: \$1,600.00

Schedule 3.7

1. Stockholders Agreement between BIII Capital Partners, LP, and the Stockholders (as defined therein), dated November 24, 1999.
2. Amended and Restated Warrant Agreement between the Company and BIII Capital Partners, L.P., by DDJ Capital III, LLC, dated July 8, 1998, with related Registration Rights Agreement, dated as of September 30, 1997, by and among the Company and the Purchasers (as defined therein).
3. Donaldson, Lufkin & Jenrette, Warrant to purchase Common Stock dated March 20, 1996, with related Second Amended and Restated Rights Agreement, dated as of March 21, 1996, by and among the Company and the Purchasers (as defined therein).
4. Detusche Morgan Grenfell, Warrant to purchase Common Stock dated March 20, 1996, with related Second Amended and Restated Rights Agreement, dated as of March 21, 1996, by and among the Company and the Purchasers (as defined therein).
5. Deutsch Morgan Grenfell/ C.J. Lawrence Inc., Warrant to purchase Common Stock dated August 5, 1996, with related Second Amended and Restated Rights Agreement, dated as of March 21, 1996, by and among the Company and the Purchasers (as defined therein).
6. Montgomery Securities, Warrant to purchase Common Stock dated August 5, 1996, with related Second Amended and Restated Rights Agreement, dated as of March 21, 1996, by and among the Company and the Purchasers (as defined therein).
7. Bear, Stearns & Co., Inc., Warrant to purchase Common Stock dated August 5, 1996, with related Second Amended and Restated Rights Agreement, dated as of March 21, 1996, by and among the Company and the Purchasers (as defined therein).
8. Oppenheimer & Co., Inc., Warrant to purchase Common Stock dated August 5, 1996, with related Second Amended and Restated Rights Agreement, dated as of March 21, 1996, by and among the Company and the Purchasers (as defined therein).

Schedule 3.8

1. IGT and Action Gaming filed a lawsuit against the Company on February 23, 1999, in the United States District Court for the District of Nevada, alleging patent infringement of its United States Patent No. 5,823,873. The suit was settled pursuant to a Settlement Agreement dated April 26, 1999. Under Article II of the Settlement Agreement, if the Company breaches the terms of: (a) Sublicense Agreement between the parties; (b) a License between the parties; or (c) the release delivered as a part of the Settlement Agreement, IGT is permitted to pursue any claim it may have against the Company for infringement of the patent, breach of contract, or otherwise.
2. On June 4, 1999, Stoesser Industries, Inc., filed a complaint against the Company seeking damages of \$38,243.92 for parts manufactured by Stoesser but not delivered to the Company at the Company's request. The suit was settled pursuant to a settlement agreement in July 1999.
3. On November 1, 1999, the Company was notified by IGT that IGT had filed a lawsuit against the Company and three other slot machine manufacturers (CDS, Sigma & Williams) on October 29, 1999, in the United States District Court for the District of Nevada, alleging patent infringement of its United States Patent No. 5,951,397 (the "397 Patent"). The 397 Patent, entitled "Gaming Machine and Method Using Touch Screen" was issued to IGT on September 14, 1999, and covers video gaming machines having certain combinations of a touch screen and push buttons, and methods of using such a combination. The Company has retained patent counsel and is reviewing the validity of the complaint and of the patent; however, it is too early to determine the impact, if any, of this lawsuit upon the Company's business and operations.
4. Silicon Gaming – Nevada Business Proposal, Participation and License Agreement, dated as of September 30, 1997, between Silicon Gaming-Nevada and MGM Grand Hotel, Inc., a Nevada corporation, as amended.
5. Letter Agreement, dated as of May 20, 1997, between Silicon Gaming, Inc. and Brian Kaiser.

Schedule 3.9

Since September 30, 2000 (to be updated to the time of the Pre-closing Balance Sheet)

- (a) No
- (b) No
- (c) No
- (d) No
- (e) WagerWorks stock disposition
- (f) No
- (g) WagerWorks stock disposition
- (h) No
- (i) No
- (j) Severances, retention plans as a result of the Agreement
- (k) No
- (l) No
- (m) No
- (n) No
- (o) No
- (p) Loan forgiveness - \$200,000 notes payable to Andrew Pascal
- (q) No
- (r) No
- (s) No

Schedule 3.10

<u>Plaintiff/Defendant</u>	<u>Case Number</u>	<u>Court</u>	<u>Type of Dispute</u>	<u>Status</u>
IGT vs. Silicon Gaming, Inc.	CV-S-99-1514	U.S. District Court for Nevada	Patent Infringement	Stayed Pending Merger
Drews Distributing vs. Silicon Gaming, Inc.	7:99-4070-13	U.S. District Court for South Carolina	Breach of Contract	Stayed Pending Appeal by Silicon Gaming to the U.S. Court of Appeals (4th Circuit)
Silicon Gaming, Inc. vs. Drews Distributing	74-Y181-1553-99	American Arbitration Association	Non Payment	Stayed pending the outcome of the Appeal to the 4th Circuit

Schedule 3.12

1. Marketing and Distribution Agreement for Participation Games between the Company and Anchor Coin, dba Anchor Games, dated September 9, 1998 (Section 7: granting joint ownership to any intellectual property that is jointly developed as a direct result of the agreement).
2. Patent License, Joint Development, Marketing and Distribution Agreement between the Company and Acres Gaming, Incorporation, dated April 8, 1999, for the use of U.S. Patent Nos. 5,752,882 and 5,836,817.
3. Sublicense Agreement between IGT and the Company, for United States Patent No. 5,823,873, dated October 8, 1998.
4. Patent Sublicense Agreement between the Company and IGT, dated April 20, 1999.
5. Licenses between IGT and Silicon as part of the Settlement Agreement between the two parties.
6. The following form agreements exist between the Company and every party that has tested, purchase, or licensed a product from the Company:
 - (a) "Business Proposal and Product Evaluation License Agreement" for every party that has tried or "tested" a product of the Company;
 - (b) "Business Proposal, Participation and License Agreement" or "Purchase and License Agreement" for every party that has purchased a product from the Company.
7. "Big Win Wide Area Progressive System Participation and License Agreement" for the approximately 30 participating parties.
8. Oral Agreement between the Company and Rob Reis, whereby Reis agreed to provide consultant services to the Company for a compensation package of \$1 per month and health benefits, instead of \$10,000 per month, as of September, 2000.
9. Software License Agreement between Silicon Gaming, Inc. and Duck Corporation, dated June 30, 1996.
10. Software License Agreement between Silicon Gaming, Inc. and Integrated Systems, Inc. (n/k/a Wind River), dated May 1, 1996.
11. OEM Master License Agreement Between RSA Data Security (n/k/a Security Dynamics) and Silicon Gaming, Inc., dated April 17, 1996

12. Agreement between Microid Research (n/k/a Touchstone Software) and Silicon Gaming, Inc., dated February 27, 1996.
13. Limited Object Code License between Microid Research (n/k/a Touchstone Software) and Silicon Gaming, Inc. dated February 28, 1996.
14. Marketing and Distribution Agreement for Participation Games between Silicon Gaming, Inc. and Anchor Coin, d/b/a Anchor Games, dated September 9, 1998.
15. Patent License, Joint Development, Marketing and Distribution Agreement between Silicon Gaming, Inc. and Acres Gaming, Incorporated, dated April 8, 1999.
16. Equipment Financing Agreement #200131 between the Company and Pentech Financial Services, Inc., dated June, 1998 (Section 17(m), change of control).
17. Equipment Financing Agreement #200171 between the Company and Pentech Financial Services, Inc., dated September, 1998 (Section 17(m), change of control).
18. Loan & Security Agreement between the Company and MetLife Capital Corporation (n/k/a GE Capital), dated March 23, 1998.
19. Master Equipment Lease Agreement between the Company and Lighthouse Capital Partners, L.P., dated October 6, 1995 (consent required).
20. Letter Agreement between Silicon Gaming, Inc. and US Bancorp Libra to consult with the Company's Board of Directors on matters concerning (1) the value and fairness to the Company's stockholders of the proposed sale of the Company's core business to IGT, and (2) the enterprise value of the Company's web-based operations, called WagerWorks.
21. Intellectual Property Cross License Agreement between Silicon Gaming, Inc. and uBet.com, Inc., a Delaware corporation (a/k/a WagerWorks), effective as of April 4, 2000.
22. Corporate Management Services Agreement by and between Silicon Gaming, Inc. and uBet.com, Inc., a Delaware corporation (a/k/a WagerWorks), dated June, 2000.
23. Promissory Note and Assignment of Deposit Account with Cupertino National Bank and Trust, dated October 25, 2000.
24. Letter Agreement between Silicon Gaming, Inc. and Pacific Business Funding, a Division of Cupertino National Bank & Trust for credit facility (factoring agreement), dated September 25, 2000.
25. Asset Contribution Agreement by and between Silicon Gaming, Inc. and uBet.com, Inc., effective as of April 4, 2000.

26. License Agreement, dated August 3, 2000, between Pearson Television, Inc., a Delaware corporation ("Pearson"), and Silicon Gaming, as amended to date.
27. Agreement, dated November 6, 2000, among Harrah's Operating Company, Inc., a Delaware corporation, Silicon Gaming, Inc., and Pearson.
28. Sublicense Agreement, dated as of February 1, 2000, by and between Silicon Gaming - Nevada, a Nevada corporation, and MGM Grand Hotel, Inc., a Nevada corporation.
29. Certificate of Insurance issued by Lloyd's of London in connection with the Company's Directors' and Officers' liability coverage.
30. Various commercial insurance policies issued by Chubb Group of Insurance Companies. Amended and restated Non-Recourse Promissory Note and Pledge Agreement by Andrew S. Pascal to the Company, dated March 18, 1999.
31. Amended and restated Non-Recourse Promissory Note and Pledge Agreement by Andrew S. Pascal to the Company, dated March 24, 1999.
32. Promissory Note by Patrick and Shannon Flannery payable to the Company, dated October 15, 1998.

Schedule 3.14

Last Name	First Name	Title	Annual Comp
Anderson	Gary	Installation Technician	\$ 27,040
Ayala	Pedro	Electro-Mechanical Assembler	\$ 22,880
Baldonado	Lenore	Customer Support Representative	\$ 30,160
Bangham	Lewis	Art Director II	\$ 99,485
Barlow	Loretta	Assoc. Coord. of Reg. Compl.	\$ 32,136
Beech	Roland	Product Marketing Manager	\$ 85,500
Berg	Charles	Vice President of Engineering	\$130,000
Bishop	Paul	Field Engineer	\$ 35,206
Bolich	Katie	Director of Product Marketing	\$110,000
Burney	Deborah	Director, Government Affairs	\$ 80,000
Byers	Daniel	Field Engineer	\$ 39,016
Calkins	Chris	Electro-Mechanical Assembler	\$ 20,800
Campbell	Joel	Customer Support Supervisor	\$ 42,000
Caputo	Scott	Entertainment Software Engineer	\$ 70,000
Carlson	Tom	Chief Financial Officer	\$160,000
Cornejo-Gutierrez	Lorena	Electro-Mechanical Assembler	\$ 21,294
Cross	Eric	Manager-IS Ops & Applications	\$ 75,000
Dentice	Scott	Field Engineer	\$ 51,189
Diaz	Delia	Electro-Mechanical Assembler	\$ 20,800
Dockery	Robert	Electro-Mechanical Assembler	\$ 22,880
Edwards	Michael	Account Coordinator	\$ 31,000
Everett	Christopher	System Administrator	\$ 33,000

Last Name	First Name	Title	Annual Comp
Fields	Michael	Vice President of Sales	\$135,000
Finnegan	James	Art Director II	\$ 90,000
Fleming	Matthew	Designer	\$ 55,000
Flick	James David	System Software Engineer	\$115,800
Garcia	Jaime	Field Engineer	\$ 24,960
Gomez	Armando	Field Engineer	\$ 39,998
Gotshall	Laurie	Materials Manager	\$ 57,200
Grevelis	Theodore	Account Executive	\$ 50,000
Guinn	Shawn	Electro-Mechanical Assembler	\$ 19,760
Hall	Susan	Document Control Manager	\$ 45,000
Hammons	Mary	Warehouse Specialist	\$ 27,300
Hart	Ross	System Administrator	\$ 36,000
Hartline	Pamela	Customer Support Representative	\$ 32,672
Hickson	Kendall	Game Model Engineer	\$ 85,000
Honomichl	Melissa	Accountant	\$ 40,000
Jensen	Keith	Field Engineer	\$ 37,440
Kabala	Daniel	Account Executive	\$ 61,000
Kay	Michael	Warehouse Manager	\$ 42,000
Kochey	Christoper	Database Administrator	\$ 66,675
Koenig	Nicholas	Chief Creative Officer	\$140,000
Kohldorfer	Sharon	Customer Support Representative	\$ 32,672
Kulmars	Peter	Office/Facilities Manager	\$ 46,800
Lemieux	Donna	Field Support Coordinator	\$ 35,240

Last Name	First Name	Title	Annual Comp
Limon	Phillip	Electro-Mechanical Assembler	\$ 19,760
Lizana	Kevin	Field Engineer	\$ 32,500
Love	Christopher	Account Coordinator	\$ 33,000
Luciani	Mark	Account Executive	\$ 55,000
Mak	Frances	HR Manager	\$ 65,000
Margrave	Lisa	Customer Support Representative	\$ 34,046
Marimberga	Salvatore	Electro-Mechanical Assembler	\$ 19,760
Marsden	Kenneth	Accounting Manager	\$ 80,000
Martin	Yvonne	AP Accountant	\$ 40,000
Mathews	Paul	Exec VP & Chief Operating Off.	\$150,000
McConiga	Richard	Sr. Field Engineer	\$ 53,560
Miltenberger	Paul	VP – New Business Development	\$130,000
Mondidu	Peter	Warehouse Clerk	\$ 25,000
Moses	Karen	Manager, Field Sales Operations	\$ 46,000
Muma	Richard	Treasurer	\$ 85,000
Palladino	Chris	Account Executive	\$ 45,000
Parker	Paul	Software Development Engineer	\$ 115,000
Parrucho	Anna Sheila	Designer	\$ 57,750
Pascal	Andrew	President, CEO	\$ 200,000
Paul	Roland	Hardware Lab Manager	\$ 55,000
Peterson	Edward	Government Affairs Coordinator	\$ 32,240
Phommasith	Virakone	Field Engineer	\$ 39,909
Reid	Carl	Account Executive	\$ 45,000

Last Name	First Name	Title	Annual Comp
Reis	Robert	Outside Director	
Rivera	David	Account Executive	\$ 60,000
Samways	Keith	Installation Technician	\$ 26,015
Saunders	Brian	Software Engineer III	\$ 108,000
Schmitz	Julie	Coordinator of Regulator Compl.	\$ 46,674
Schwarz	Douglas	Executive Producer	\$ 120,000
Springel	Stanford	Outside Director	
St. John	Linda	Cost Accountant	\$ 67,980
Stewart	Danny	Sr. Field Engineer	\$ 60,366
Sutter	Betsy	VP Chief of Staff, HR Director	\$ 126,000
Talley	Robert Scott	Lead Installation Technician	\$ 32,816
Tien	Joseph	Director Customer Support & Mfg.	\$ 102,000
Valsamis	Peter	Recording / Audio Engineer	\$ 45,000
Villarosa	Hermelo	Field Engineer	\$ 34,457
Waldron	Jamie	Buyer	\$ 44,940
Wentworth	Alan	Designer	\$ 62,500
Wilson	Jeffrey	Quality Assurance Lead	\$ 73,000

Schedule 3.14(a)

1. Independent Contractor Services Agreement between the Company and Joel Pascal, effective March 3, 2000.
2. Independent Contractor Services Agreement between the Company and Brad Martinson Enterprises, effective September 20, 1999.
3. Confidential resignation Agreement and General Release of Claims between the Company and Karen Katz, effective September 4, 1998 (dated December 10, 1998).
4. Independent Contractor Services Agreement between the Company and Karen Katz, effective December 3, 1998.
5. Oral Agreement between the Company and Rob Reis, whereby Reis agreed to provide consultant services to the Company for a compensation package of \$1 per month and health benefits, instead of \$10,000 per month, as of September, 2000.
6. Confidential resignation Agreement and General Release of Claims between the Company and Donald Massaro, effective August 19, 1998 (dated September 13, 1998).
7. Independent Contractor Services Agreement between the Company and Donald Massaro, effective October 13, 1999.
8. Independent Contractor Services Agreement between the Company and Morse & Company, effective August 19, 1998, plus resolutions of Board of Directors authorizing repricing of options to Morse & Company effective December 1, 1998.
9. Form of Employee Inventions and Proprietary Rights Assignment Agreement signed by all employees.
10. Form of Independent Contractor Services Agreement signed by all contractors.
11. Form of Confidentiality Agreement signed by all contractors.
12. Severance Agreements of December 8, 1998.
13. Severance Agreements of March 12, 1999.
14. Employee Handbook

Schedule 3.15

1. Health Insurance (EPO).
2. 401(k) Plan – Minnesota Life
3. Dental Insurance.
4. Section 125 Flexible Benefit Plan.
5. Accidental Death and Dismemberment Insurance.
6. Life Insurance.
7. Vision Care Plan.
8. Claremont Behavioral Services.
9. Short Term Disability Plan.
10. Long Term Disability Plan.
11. Management Incentive Plan.
12. Silicon Gaming, Inc. Amended and Restated 1994 Stock Option Plan.
13. Silicon Gaming, Inc. 1996 outside Directors Stock Option Plan.
14. Silicon Gaming, Inc. 1997 Nonstatutory Stock Option Plan.
15. Worker's Compensation.
16. Vacation.
17. Personal Time Off.
18. Paid Holidays.
19. Silicon Gaming, Inc. 1999 Long Term Compensation Plan.

Schedule 3.16

Silicon Gaming, Inc. has timely filed for income tax extensions for fiscal year ended March 31, 2000, in the following states:

<u>State</u>	<u>EIN</u>
Michigan	91-1913218
Missouri	91-1816619
New Jersey	91-1816625
Colorado	91-1816616
Iowa	91-1884737
California	88-0459092
New Mexico	91-1884739
Mississippi	91-1816607
Minnesota	91-1816596
Louisiana	91-1238851
Indiana	91-1868132

An extension has also been filed for our Federal return. These returns are all due on December 15, 2000.

Schedule 3.17

1. Promissory Notes payable to Andrew Pascal in the aggregate sum of \$200,000.
2. Promissory Note payable to DDJ Capital III, LLC in the approximate sum of \$3,000,000.
3. Promissory Note made by Andrew Pascal payable to Silicon Gaming, Inc., dated November 24, 1999, in the principal sum of \$117,431.17.
4. Promissory Note made by Paul Matthews payable to Silicon Gaming, Inc., dated November 24, 1999, in the principal sum of \$117,431.17.

Schedule 3.19

PATENTS

Silicon Gaming US Patents Licensed to IGT

<u>Patent Number</u>	<u>Issue Date</u>	<u>Title</u>
1. 5,643,086	July 1, 1997	Electronic Casino Gaming Apparatus With Improved Play Capacity, Authentication and Security
2. 5,758,875	June 2, 1998	Dynamic Rate Control Method and Apparatus For Electronically Played Games And Gaming Machines
3. 5,800,264	September 1, 1998	Method and Apparatus For Providing A Signal Indicating The Approximate Amount Of Elapsed Time
4. 5,871,400	February 16, 1999	Random Number Generator For Electronic Applications
5. 6,106,396	August 22, 2000	Electronic Casino Gaming System With Improved Play Capacity, Authentication and Security
6. D395463	June 23, 1998	Electronic Gaming Machine

Silicon Gaming US Patents Not Licensed to IGT

<u>Patent Number</u>	<u>Issue Date</u>	<u>Title</u>
1. 5,971,851	October 26, 1999	Method and Apparatus for Managing Faults and Exceptions
2. 5,967,893	October 19, 1999	Method For Tabulating Payout Values For Games of Chance
3. 6,104,815	August 15, 2000	Method And Apparatus Using Geographical Position and Universal Time Determination Means to Provide Authenticated, Secure, On-line Communications Between Remote Gaming Locations

Silicon Gaming US Patent Applications Licensed to IGT

<u>Application #</u>	<u>Application Date</u>	<u>Title</u>
1. 09,107,031	June 29, 1998	A Method Of Authenticating Game Data Sets In An Electronic Casino Gaming System
2. 09,151,167	Sept. 10, 1998	Cryptographically Secure Pseudo Random Number Generator
3. 09/396,135		Random Number Generator Seeding Method and Apparatus
4. 60/100,296	Sept. 14, 1998	Secure, High-Speed Software Distribution System For Slot Machines
5. 09/397,447	Sept. 16, 1999	Non-Rectangular and Non-Orthogonal Arrangement of Gambling Element In a Gaming Apparatus
6. 60/102,767	Oct. 2, 1998	System for Collecting and Reporting on Field-Performance Data from Slot Machines

Silicon Gaming US Patents *Applications Not Licensed to IGT*

<u>Application #</u>	<u>Application Date</u>	<u>Title</u>
1. 08/672,775	June 28, 1996	Dynamic Tournament Gaming Method and System
2. 09/247,441	Feb. 10, 1999	Play Strategy For A Computer Opponent In An Electronic Card Game
3. 09/574,649		MatchMaker Draw Poker
4. 09/410/930	October 1, 1999	Gaming Machine with Multiple Playlines and Respinning Reels, and Method of Playing the Same
5. 09/551,034	April 17, 2000	System and Method of Capturing a Player's Image for Incorporation into a Game
6. 09/573, 663	May 18, 2000	Method and Apparatus for Inhibiting A Selected IDE Command
7. 60/188,931	March 8, 2000	Electronic Video Gambling Device with Player Controlled Amusement Feature
8. 09/618,880		Methods and Apparatus for Playing Wagering Games
9. 60/145,555		Methods and for Playing Wagering Games
10. 08/864,700	May 28, 1997	Improved Electronic Gaming Apparatus
11. 09/643, 130		Method and Apparatus for Playing a Game Utilizing a Plurality of Soundlines Which are Components of Song or an

12. 09/583,321	Ensemble Method of Playing a Game Involving Questions and Answers
13. 09/618,958	Method for Playing Wagering Games
14. 09/618,880	Methods and Apparatus for Playing Wagering Games
15. 08/853, 805	Random Number Generator for Electronic Applications
16. 09/677,129	Electronic Gaming Apparatus (Portrait Mode)
17. 09/396,135	Random Number Generator Seeding Method and Apparatus
18. 09/574,649	MatchMaker Draw Poker

Silicon Gaming US Provisional Patents *Applications Not Licensed to IGT*

60/238,962	System for Collecting and Reporting on Field-Performance Data from Slot Machines
60/238,963	Secure High-Speed Software Distribution System for Slot Machines

Silicon Gaming International *Patents Licensed to IGT*

<u>Country</u>	<u>Patent No.</u>	<u>Grant Date</u>	<u>Title</u>
1. South Africa	97/0320	11/26/97	Electronic Casino Gaming System With Improved Play Capacity, Authentication and Security
2. South Africa	98/2643	12/30/98	Electronic Gaming Apparatus (Portrait Mode)
3. South Africa	97/11661	2/24/99	Method and Apparatus For Managing Faults and Exceptions
4. South Africa	98/2641	4/28/99	Random Number Generator for Electronic Applications
5. Australia	62820/96	1/17/96	Electronic Casino Gaming System With Improved Play Capacity, Authentication and Security (Based on PCT/US96/10463)
6. Canada	2,225,805	1/17/96	Electronic Casino Gaming System With Improved Play Capacity, Authentication and Security (Based on PCT/US96/10463)
7. Europe	96921653.0	1/17/96	Electronic Casino Gaming System With Improved Play Capacity, Authentication and Security (Based on PCT/US96/10463)

<u>Country</u>	<u>Patent No.</u>	<u>Grant Date</u>	<u>Title</u>
8. Japan	504453/97	1/17/96	Electronic Casino Gaming System With Improved Play Capacity, Authentication and Security (Based on PCT/US96/10463)
9. Turkey	81405	1/17/96	Electronic Casino Gaming System With Improved Play Capacity, Authentication and Security (Based on PCT/US96/10463)
10. Australia	34944/97	6/18/97	Random Number Generator for Electronic Applications
11. Canada	2,259,168	6/18/97	Random Number Generator for Electronic Applications
12. Australia	38882/97	6/27/97	Improved Electronic Gaming Apparatus
13. Canada	2,259,354	6/27/97	Improved Electronic Gaming Apparatus
14. PCT	US99/21514	9/16/99	Non-Rectangular and Non-Orthogonal Arrangement of Gambling Element In a Gaming Apparatus

Silicon Gaming International Patent Applications Not Licensed to IGT

<u>Country</u>	<u>Patent No.</u>	<u>Grant Date</u>	<u>Title</u>
1. Australia	35809/97	6/27/97	Dynamic Tournament Gaming Method and System
2. Canada	2,259,197	6/27/97	Dynamic Tournament Gaming Method and System
3. Australia	60180/98	1/9/98	Method and Apparatus For Providing Authentication, Secure On-Line Communication Between Remote Locators (Based on PCT/US98/00309)
4. Canada	2,287,379	1/9/98	Method and Apparatus For Providing Authentication, Secure On-Line Communication Between Remote Locators (Based on PCT/US98/00309)
5. S. Africa	98/0220	1/9/98	Method and Apparatus For Providing Authentication, Secure On-Line Communication Between Remote Locators
6. PTC99/23011		October 1, 1999	Gaming Machine with Multiple Paylines and Respinning Reels, and Method of Playing

Software - Odyssey

Product	Manufacturer	Obligation	Assignment
BSAFE v3.0 from RSA.	RSA Data Security, Inc	None.	Requires approval
Truemotion v 1.55 \$50,000 per year source code maintenance (optional)	The Duck Corporation	\$20 per unit with \$25,000 per year prepaid, plus No restrictions.	
pSOS v2.0.1 pROBE v2.0M pHILE v2.3H pREPC v2.0C pNA v2.0C Systems, Inc) ISI.	Qty 1-5000: \$39 per unit Qty 5001-10,000: \$33 per unit	Integrated Systems, Inc (now owned by Wind River	Requires notice to

SOFTWARE - WAPS

Product	Manufacturer	Obligation	Assignment
SSL Plus v1.1.1	Consensus Development Corporation (now owned by Certicom Corporation)		
Objective Grid v7.0	Stingray Software (now owned by Rogue Wave Software)		None
Ultimate Toolbox v1.0	Dundas Software	None	No restrictions.
Windows NT Server 4.0 SQL Server 6.5		Microsoft Corporation	OEM purchase

FIRMWARE

Product	Manufacturer	Obligation	Assignment
MR-BIOS v3.32	Microd Research (now owned by Touchstone Software)		\$3.50 per unit,

HARDWARE

Product	Manufacturer	Obligation	Assignment
Slant-top Cabinet	Cole Industries	OEM purchase	No restrictions
Motherboards, video cards, disk drives, bill validators, coin hoppers and comparators, printers, monitors, etc. (See Oracle BOM for complete details.)	Various (See Oracle BOM for complete details.)		OEM purchase

MEDIA PRODUCTS

Product	Manufacturer	Obligation	Assignment
"Family Feud" brand	Pearson Television	See agreement	See agreement
"The Price is Right" brand	Pearson Television	See agreement	See agreement
TPIR announcer voice	Pearson Television	TBD	TBD

TRADEMARKS

<u>Mark</u>	<u>Country</u>	<u>Application No.</u>	<u>Filing Date</u>	<u>Registration No.</u>	<u>Regn Date</u>
SILICON GAMING LOGO	U.S.	74/727,910	9/12/95	2,076,279	7/1/97
THE SAINT JAMES CLUB	U.S.	75/015,137	11/6/95		
FORT KNOX	U.S.	75/015,310	11/6/95	2,143,114	3/10/98
PHANTOM BELLE	U.S.	75/015,319	11/6/95	2,072,704	6/17/97
RIDDLE OF THE SPHINX	U.S.	75/015,136	11/6/95	2,241,722	4/27/99
STRIKE IT RICH	U.S.	75/015,314	11/6/95	2,341,598	4/11/00
WIN-O-MATIC	U.S.	75/138,727	7/23/96	2,098,386	9/16/97
KRAZY KENO	U.S.	75/139,981	7/23/96	2,104,302	10/7/97
STAR SPANGLED KENO	U.S.	75/157,831	8/28/96	2,094,973	9/9/97
ODYSSEY 11/18/97	U.S.	75/165,365	9/13/96	2,113,843	
SILICON GAMING	U.S.	75/243,191	2/12/97		
MORE FUN TO PLAY. MORE FUN TO WIN	U.S.	75/370,443	10/8/97	2,233,669	3/23/99
BUCCANEER GOLD	U.S.	75/279,932	4/23/97	2,259,842	7/6/99
BANANA-RAMA	U.S.	75/292,734	5/15/97	2,232,858	3/16/99

Trademarks (cont.):

<u>Mark</u>	<u>Country</u>	<u>Application No.</u>	<u>Filing Date</u>	<u>Registration No.</u>	<u>Regn Date</u>
LADY OF FORTUNE	U.S.	75/292,735	5/15/97	2,241,933	4/27/99
TOP HAT 21	U.S.	75/319,225	7/3/97	2,224,800	2/16/99
ARABIAN RICHES	U.S.	75/403,311	12/10/97		
VACATION U.S.A.	U.S.	75/456,168	3/24/98		
BIG BUCKAROOS	U.S.	75/891,364	1/7/00		
LUCKY DRAW POKER	U.S.	75/518,750	7/14/98		
LUCKY DRAW DELUXE POKER	U.S.	75/518,434	7/14/98		
EUREKA!	U.S.	75/529,264	7/30/98		
STOCK CARDS	U.S.	75/705,895	5/13/99		
CASH CRUISE	U.S.	75/767,891	8/4/99		
KING PUTT	U.S.	75/794,604	9/3/99		
3 REEL HOLD-UP	U.S.	75/797,790	9/13/99		
HITSVILLE	U.S.	75/810,779	9/28/99		

Trademarks (cont.):

<u>Mark</u>	<u>Country</u>	<u>Application No.</u>	<u>Filing Date</u>	<u>Registration No.</u>	<u>Regn Date</u>
PHANTOM BELLE	Canada	824,848	10/2/96		
PHANTOM BELLE	South Africa	96/14041	10/2/96		
FORT KNOX 11/12/98	Australia	718781	10/2/96	718,781	
FORT KNOX	Canada	824,847	10/2/96		
FORT KNOX	South Africa	96/14040	10/2/96		
WIN-O-MATIC	Australia	718783	10/2/96	718,783	10/2/96
WIN-O-MATIC 11/11/99	South Africa	96/14042	10/2/96	96/14042	
KRAZY KENO 11/12/98	Australia	718785	10/2/96	718,785	
KRAZY KENO	Canada	824,849	10/2/96		
KRAZY KENO 11/11/99	South Africa	96/14039	10/2/96	96/14039	
STAR SPANGLED KENO 11/12/98	Australia	718787	10/2/96	718,787	
STAR SPANGLED KENO	Canada	825,030	10/3/96		
STAR SPANGLED KENO 11/11/99	South Africa	96/14044	10/2/96	96/14044	
ODYSSEY	Australia	718786	10/2/96	718,786	1/13/99
ODYSSEY	Canada	825,029	10/3/96		
ODYSSEY	South Africa	96/14549	10/11/96	96/14549	11/11/99

Schedule 3.21

Silicon Gaming, Inc.

Bank accounts:

Venture Banking Group, a Division of Cupertino National Bank
 3 Palo Alto Square, Suite 150
 Palo Alto, CA 94306
 650.813.3800

Account#	Account Name	Signors
3111512	Concentration / checking	Pascal, Mathews (auto signature) Muma, Marsden, Miltenberger
3111520 / ZBA	Payroll	Pascal (auto signature) Mathews Muma, Marsden
3111539 / ZBA	Disbursement AP	Pascal, Mathews (auto signature) Muma, Marsden
3111547 / auto transfer from payroll accounting	Benefits Administration	Great West Life (auto signature) Pascal, Mathews, Muma, Marsden
00203007581 T/C 201 / CD	30 day CD	Pascal, Mathews, Muma, Marsden

uBet.com, Inc (all accounts with Venture Banking Group)

3111555	Concentration	Pascal, Mathews, Miltenberger, Muma, Marsden*
Inactive till 1/1/2001	Payroll / ZBA	same as above.
Money Market		same as above.
30 day CD		same as above.
90 day CD		same as above.

*Signatures to be changed: Chan (Controller), Miltenberger, Pascal, Muma.

All Venture Banking Group accounts require two signatures over \$5,000 – two people to send wires.

All accounts are available in the electronic banking system which allows inter-account book transfers, wires, stop payments, and ACH. 90% of payroll is ACH.

Wells Fargo Bank / SGIC

MasterCard – Visa – American Express

87893988	Credit Card in only transactions	Pascal, Muma (transfers to VBG concentration)
174 268 660 993	Merchant number	

Credit Card service not available through VBG.

No active brokerage accounts. All other accounts have been closed.

Section 3.22

US Bancorp Libra, a division of US Bancorp Investments, Inc., has been engaged to analyze the fairness of the merger transaction from a financial point of view for the benefit of the stockholders of Silicon Gaming, Inc., and to perform a valuation of WagerWorks. The cost of this engagement is estimated at approximately \$200,000 plus out-of-pocket expenses incurred by US Bancorp Libra.

Schedule 3.23

Intellectual Property Cross License Agreement between Silicon Gaming, Inc. and uBet.com, Inc., a Delaware corporation (a/k/a WagerWorks), effective as of April 4, 2000.

Schedule 3.24(a)

1. Intellectual Property Cross License Agreement between Silicon Gaming, Inc. and uBet.com, Inc., a Delaware corporation (a/k/a WagerWorks), effective as of April 4, 2000.
2. Asset Contribution Agreement by and between Silicon Gaming, Inc. and uBet.com, Inc., effective as of April 4, 2000.

Schedule 3.24(b)

1. Corporate Management Services Agreement by and between Silicon Gaming, Inc. and uBet.com, Inc., a Delaware corporation (a/k/a WagerWorks), dated June, 2000.
2. Strategic Websites (for cash) Agreement between WagerWorks and ACTION GAMING
3. Strategic Websites (for prize) Agreement between WagerWorks and ACTION GAMING
4. Property Lease: 2339 Third Street
4th Floor
San Francisco, CA 94107

Landlord: Angelo Markoulis
American Industrial Center
2345 Third Street
San Francisco, CA 94107
5. Online Prize Casino Project between Amroha Engineering and uBet.com, Inc.
6. Series A Preferred Stock Purchase Agreement among WagerWorks, MGM MIRAGE, Action Gaming, Carl Berg, and DDJ Capital Management.
7. General Agreement between WagerWorks and MGM MIRAGE (This agreement outlines the general agreement between the companies for both "for prize" and "for cash" Internet sites).
8. Strategic Websites (for cash) Agreement between WagerWorks and MGM MIRAGE (This agreement details the terms of the relationship to offer MGM MIRAGE brands in a "for cash" Internet gaming environment).
9. Strategic Websites (for prize) Agreement between WagerWorks and MGM MIRAGE (This agreement details the terms of the relationship to offer MGM MIRAGE brands in a "for prize" Internet environment).
10. Side Letter Agreement between WagerWorks and MGM MIRAGE (This agreement further defines the relationship and conditions that exist between WagerWorks and MGM MIRAGE).
11. Rights Agreement among each purchaser of Series A Preferred Stock: MGM MIRAGE, Action Gaming, Carl Berg, and DDJ Capital Management.

12. Intellectual Property Cross License Agreement between Silicon Gaming, Inc. and uBet.com, Inc., a Delaware corporation (a/k/a WagerWorks), effective as of April 4, 2000.

13. Asset Contribution Agreement by and between Silicon Gaming, Inc. and uBet.com, Inc., effective as of April 4, 2000.

Schedule 3.24(c)

1. Intellectual Property Cross License Agreement between Silicon Gaming, Inc. and uBet.com, Inc., a Delaware corporation (a/k/a WagerWorks), effective as of April 4, 2000.
2. Asset Contribution Agreement by and between Silicon Gaming, Inc. and uBet.com, Inc., effective as of April 4, 2000.
3. Corporate Management Services Agreement by and between Silicon Gaming, Inc. and uBet.com, Inc., a Delaware corporation (a/k/a WagerWorks), dated June, 2000.

Schedule 3.25

None.

Schedule 5.9(h)

From December 1, 2000 through the Effective Time, Silicon plans to continue to sell its existing inventory in the normal course of business provided that the market demand for its products will still exist. Silicon plans to reduce its work force between December 1 and the Effective Time, subject to the prior consent of IGT, which consent shall not be unreasonably withheld. The first reduction occurred on December 4, 2000 and was primarily in the areas of Engineering and Game Development. The existing portfolio of games was determined sufficient to support the sale of the existing inventory. After Silicon has sold through the inventory or determined that there is no longer market demand, it will reduce its force in operational functions. Silicon will give reasonable prior written notice to IGT of any workforce reductions it plans to make and if asked by IGT will confer and consult with IGT before making the workforce reductions. Personnel that are let go will receive eight weeks of pay as severance. People retained through the Effective Time will receive 8 weeks of pay as a retention bonus. Executive staff will not receive a severance or retention bonus.

All of the options held by any employee who is either (a) terminated through the reduction process described in this Schedule 5.9(h) or (b) retained through the Effective Time will be exercised automatically upon the consummation of the Merger as described in this paragraph. The option agreement for any such employee will be deemed to be amended to provide that each such employee shall exercise his or her options upon the Closing solely for Conversion Cash, in an amount equal to the difference between the price of the Silicon Common Stock underlying such options, as measured by the Agreement as of the date of the Closing, minus the aggregate exercise price for such option. The exercise price of options shall be waived and deemed to be zero for (a) any employee terminated by Silicon through the reduction process as part of his or her severance package and (b) any employee retained by Silicon through the Effective Date as part of his or her retention package.

Schedule 6.2(k)

The following change must be made and be effective prior to the closing of the Merger. The following agreement shall not be amended, modified or any provisions thereof waived by Silicon except as set forth below.

License Agreement dated August 3, 2000, by and between Silicon Gaming, Inc., a Nevada corporation, and Pearson Television, Inc., a Delaware corporation.

Required Changes

- Delete provisions that would restrict Silicon or its affiliates from licensing the products outside Nevada without the prior consent of Pearson provided that Silicon or its affiliate satisfies Pearson that such licensing will not cause Pearson to be subject to gaming regulation.
- Obtain the consent of Pearson to substitute a subsidiary of IGT (other than SGI) as the party to the agreement.

Schedule 6.2(n)

The following changes to the Cross License Agreement must be made and be effective prior to the closing of the Merger, such changes to be subject to the prior approval of IGT. The Cross License Agreement shall not otherwise be amended, modified or any provisions thereof waived by Silicon without the prior written consent of IGT.

Required Changes

- Replace existing definition of “SGI Permitted Business Purpose” in its entirety with the following:

“SGI Permitted Business Purpose” shall mean any and all activities and opportunities including but not limited to the design, research, development, production, marketing, sale, licensing, sublicensing, and maintenance of any type of gaming devices and related devices including but not limited to microprocessor-based or interactive gaming products and software systems, for use in any environment including but not limited to gaming establishments and casinos, but excluding only those activities and opportunities within the scope of the UBet.com Permitted Business Purpose.”

- Replace existing definition of “UBet.com Permitted Business Purpose” in its entirety with the following:

“UBet.com Permitted Business Purpose” shall mean any and all business activities and opportunities using interactive gaming-based software delivered to and used by end users solely by means of the Internet, and including the development, licensing, and maintenance of UBet.com Partner Internet Sites and the UBet.com Internet Site.”